



**HENRY COUNTY COMBINED
GENERAL HEALTH DISTRICT
HENRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

**HENRY COUNTY COMBINED GENERAL HEALTH DISTRICT
HENRY COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Henry County Combined
General Health District
Henry County
1843 Oakwood Avenue
Napoleon, Ohio 43545-9243

To the Members of the Board:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Henry County Combined General Health District, Henry County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 27, 2022

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Henry County Combined General Health District
Henry County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$837,191		\$837,191
Charges for Services	257,000		257,000
Intergovernmental:			
Apportionments	88,864		88,864
Grants	12,699	\$493,517	506,216
Other	826,191		826,191
Fines, Licenses, and Permits		99,391	99,391
Other	21,390	27,175	48,565
Total Cash Receipts	2,043,335	620,083	2,663,418
Cash Disbursements			
Salaries	1,038,254	526,251	1,564,505
Medicare	15,024	7,076	22,100
Public Employee's Retirement	141,471	67,638	209,109
Auditing Fees	246		246
Contractual Services	75,121	50,834	125,955
Equipment/Land and Maintenance-Building	26,745	3,166	29,911
Computers / Software	2,648		2,648
Insurance	272,951	19,395	292,346
Other Expenses	52,702	13,390	66,092
Tax Settlement Fees	20,150		20,150
Remittance to State	25,770	11,055	36,825
Supplies and Postage	236,945	14,648	251,593
Advertising and Printing	11,095	423	11,518
Travel Expense	12,572	2,504	15,076
Principal	19,051		19,051
Interest	3,688		3,688
Vehicle / Equipment Lease	3,250		3,250
Furniture	15,125		15,125
Total Cash Disbursements	1,972,808	716,380	2,689,188
Excess of Receipts Over (Under) Disbursements	70,527	(96,297)	(25,770)
Other Financing Receipts (Disbursements)			
Transfers In	22,789	87,905	110,694
Transfers Out	(87,905)	(22,789)	(110,694)
Advances In	65,000	85,000	150,000
Advances Out	(85,000)	(65,000)	(150,000)
Total Other Financing Receipts (Disbursements)	(85,116)	85,116	
Net Change in Fund Cash Balances	(14,589)	(11,181)	(25,770)
Fund Cash Balances, January 1	800,942	458,552	1,259,494
Fund Cash Balances, December 31	\$786,353	\$447,371	\$1,233,724

See accompanying notes to the basic financial statements

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Henry County Combined General Health District, Henry County, Ohio (the District) as a body corporate and politic. A seven-member Board and a Health Commissioner govern the District. The District's core public health services include environmental health (food and water safety, inspections, nuisance abatement), communicable disease control, vital records, health promotion and education, emergency preparedness, community health assessment and improvement planning, and community engagement. Additional personal health services include immunizations, Help Me Grow home visiting, school nursing, and community health worker.

Public Entity Risk Pool

The District is a member of the Public Entities Pool of Ohio (PEP), a risk sharing pool available to Ohio local governments. Note 6 to the financial statements provides additional information for this entity.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

Environmental Fund This fund receives funds for food services operations, water and sewage permits and all related activities to this department.

Coronavirus Response Supplement Fund This is a federal grant fund for additional funds to provide the necessary response to COVID-19 related activities.

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control and appropriations may not exceed estimated resources. The Board of Health must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021, follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,602,702	\$2,131,124	(\$471,578)
Special Revenue	1,114,839	792,988	(321,851)
Total	\$3,717,541	\$2,924,112	(\$793,429)

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,475,045	\$2,145,713	\$329,332
Special Revenue	1,097,889	804,169	293,720
Total	\$3,572,934	\$2,949,882	\$623,052

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Henry County Treasurer is custodian for the District’s deposits. The County’s deposit and investment pool holds the District’s assets, valued at the Treasurer’s reported carrying amount.

Note 5 – Intergovernmental Funding and Property Taxes

Intergovernmental Funding

The County apportions the excess of the District’s appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Other Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the District.

The Henry County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$837,191 in 2021. The financial statements present these amounts as tax receipts.

Note 6 – Risk Management

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District’s policy. The Pool covers the following risks:

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

-
- General liability and casualty
 - Public official's liability
 - Cyber
 - Law enforcement liability
 - Automobile liability
 - Vehicles
 - Property
 - Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	\$14,974,099

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021, was as follows:

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2021

(Continued)

	<u>Principal</u>	<u>Interest Rate</u>
Vehicle Loans	\$66,642	4.80%

The District entered into loans in 2018 with Ally Bank to acquire vehicles to be used for employees traveling to provide Home Health and Hospice Services. The loans were refinanced in 2019 with the Henry County Bank for a lower interest rate. The Henry County Bank has taken a security interest in the vehicles acquired with the original loan proceeds. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Vehicle Loans
2022	\$22,739
2023	22,739
2024	22,739
2025	3,769
Total	<u><u>\$71,986</u></u>

Note 10 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. At year end the balance of this amount was as follows:

<u>Fund Balances</u>	<u>General</u>
Nonspendable:	
Unclaimed Monies	<u>\$183</u>

The fund balance of special revenue funds is either restricted or committed.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Henry County Combined General Health District
Henry County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$839,796		\$839,796
Intergovernmental:			
Apportionments	87,213		87,213
Grants	10,551	\$513,008	523,559
Other	762,414	1,020	763,434
Charges for Services	329,577	24,054	353,631
Fines, Licenses, and Permits		90,287	90,287
Other Receipts	23,292	8,525	31,817
Total Cash Receipts	2,052,843	636,894	2,689,737
Cash Disbursements			
Salaries	982,719	466,936	1,449,655
Medicare	14,252	6,298	20,550
Public Employee's Retirement	139,705	58,690	198,395
Contractual Services	71,537	86,466	158,003
Equipment/Land and Maintenance-Building	23,494	2,000	25,494
Insurance	250,941	19,029	269,970
Other Expenses	78,129	20,163	98,292
Tax Settlement Fees	19,479		19,479
Supplies and Postage	268,438	3,640	272,078
Advertising and Printing	5,289	153	5,442
Travel Expense	10,280	1,745	12,025
Principal		18,157	18,157
Interest		4,582	4,582
Total Cash Disbursements	1,864,263	687,859	2,552,122
Excess of Receipts Over (Under) Disbursements	188,580	(50,965)	137,615
Other Financing Receipts (Disbursements)			
Transfers In	330,257	80,000	410,257
Transfers Out	(80,000)	(330,257)	(410,257)
Advances In	40,000	80,915	120,915
Advances Out	(80,915)	(40,000)	(120,915)
Total Other Financing Receipts (Disbursements)	209,342	(209,342)	
Net Change in Fund Cash Balances	397,922	(260,307)	137,615
Fund Cash Balances, January 1	403,020	718,859	1,121,879
Fund Cash Balances, December 31	\$800,942	\$458,552	\$1,259,494

See accompanying notes to the basic financial statements

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Henry County Combined General Health District, Henry County, Ohio (the District) as a body corporate and politic. A seven-member Board and a Health Commissioner govern the District. The District's core public health services include environmental health (food and water safety, inspections, nuisance abatement), communicable disease control, vital records, health promotion and education, emergency preparedness, community health assessment and improvement planning, and community engagement. Additional personal health services include immunizations, Help Me Grow home visiting, school nursing, and community health worker.

Public Entity Risk Pool

The District is a member of the Public Entities Pool of Ohio (PEP), a risk sharing pool available to Ohio local governments. Note 6 to the financial statements provides additional information for this entity.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

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Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

Environmental Fund This fund receives funds for food services operations, water and sewage permits and all related activities to this department.

Coronavirus Response Supplement Fund This is a federal grant fund for additional funds to provide the necessary response to COVID-19 related activities.

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control and appropriations may not exceed estimated resources. The Board of Health must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020, follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,073,175	\$2,423,100	(\$650,075)
Special Revenue	1,135,772	797,809	(337,963)
Total	\$4,208,947	\$3,220,909	(\$988,038)

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,442,007	\$2,025,178	\$416,829
Special Revenue	1,350,601	1,058,116	292,485
Total	\$3,792,608	\$3,083,294	\$709,314

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Henry County Treasurer is custodian for the District’s deposits. The County’s deposit and investment pool holds the District’s assets, valued at the Treasurer’s reported carrying amount.

Note 5 – Intergovernmental Funding and Property Taxes

Intergovernmental Funding

The County apportions the excess of the District’s appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Other Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the taxing district.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the District.

The Henry County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$839,796 in 2020. The financial statements present these amounts as tax receipts.

Note 6 – Risk Management

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District’s policy. The Pool covers the following risks:

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

-
- General liability and casualty
 - Public official's liability
 - Cyber
 - Law enforcement liability
 - Automobile liability
 - Vehicles
 - Property
 - Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

	<u>Principal</u>	<u>Interest Rate</u>
Vehicle Loans	\$85,693	4.80%

The District entered into loans in 2018 with Ally Bank to acquire vehicles to be used for employees traveling to provide Home Health and Hospice Services. The loans were refinanced in 2019 with the Henry County Bank for a lower interest rate. The Henry County Bank has taken a security interest in the vehicles acquired with the original loan proceeds. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Vehicle Loans
2021	\$22,739
2022	22,739
2023	22,739
2024	22,739
2025	3,769
Total	<u>\$94,725</u>

Note 10 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. At year end the balance of this amount was as follows:

<u>Fund Balances</u>	<u>General</u>
Nonspendable:	
Unclaimed Monies	<u>\$165</u>

The fund balance of special revenue funds is either restricted or committed.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Henry County Combined General Health District

Henry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

(Continued)

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2020, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The 2020 activity includes, \$20,000 of COVID-19 funding. These amounts are reflected as intergovernmental expenditures in the applicable Special Revenue Fund.

Note 13 – Change in Accounting Principle

For 2020, the District has made changes to its cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) - all governmental fund types.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Henry County Combined
General Health District
Henry County
1843 Oakwood Avenue
Napoleon, Ohio 43545-9243

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Henry County Combined Health District, Henry County, Ohio (the District) and have issued our report thereon dated October 27, 2022, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 27, 2022



**HENRY
COUNTY
HEALTH
DEPARTMENT**

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Napoleon, OH 43545

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material weakness for errors in financial reporting.	Partially corrected and reissued in Management Letter.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements prior to filing the District's annual report.
2019-002	Ohio Rev. Code § 3707.55(A) due to improper issuance of promissory note.	Partially corrected and reissued in Management Letter.	This finding reoccurred due to inadequate policies and procedures over the issuance of debt.

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OHIO AUDITOR OF STATE KEITH FABER



HENRY COUNTY COMBINED GENERAL HEALTH DISTRICT

HENRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/10/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov