



OHIO AUDITOR OF STATE
KEITH FABER



**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022.....	5
Notes to the Financial Statements	7
Schedule of Expenditures of Federal Awards	13
Notes to the Schedule of Expenditures of Federal Awards.....	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	17
Schedule of Findings.....	21

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INDEPENDENT AUDITOR'S REPORT

Lake County General Health District
Lake County
5966 Heisley Road
Mentor, Ohio 44060

To the Board of Health:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Lake County General Health District, Lake County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2022, 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 combined total as of and for the year ended December 31, 2022, 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, 2022, or the changes in financial position thereof for the year then ended.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

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. 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 the 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.

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.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, 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

December 13, 2023

Lake County General Health District
Lake County
Combining Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Permanent	Combined Total
Cash Receipts				
Subdivisions	\$2,840,241			\$2,840,241
Permits	730,074			730,074
Fees	366,947			366,947
Licenses	594,622			594,622
Grants	693,095	\$2,193,120		2,886,215
Miscellaneous Revenue	861,974	784,353	\$27,850	1,674,177
Employee Deductions	112,848			112,848
Rental Income	86,570			86,570
Refunds and Reimbursements	100,899	833		101,732
<i>Total Cash Receipts</i>	<u>6,387,270</u>	<u>2,978,306</u>	<u>27,850</u>	<u>9,393,426</u>
Cash Disbursements				
Current:				
Health:				
Salaries	2,437,379	1,978,707		4,416,085
PERS	332,885	273,288		606,174
FICA	729			729
Workers' Compensation	20,970	21,662		42,632
Medicare	34,609	27,899		62,507
Unemployment Compensation	122	2,646		2,768
Hospitalization	396,388	381,322		777,710
Life Insurance	6,300	3,221		9,521
Dental Insurance	15,703	16,336		32,039
State Remittances	354,765			354,765
Equipment	29,001			29,001
Other Expense	944,333	1,138,074	211,605	2,294,012
<i>Total Cash Disbursements</i>	<u>4,573,184</u>	<u>3,843,154</u>	<u>211,605</u>	<u>8,627,943</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,814,086</u>	<u>(864,848)</u>	<u>(183,755)</u>	<u>765,483</u>
Other Financing Receipts (Disbursements)				
Transfers In	1,750,000	681,000	1,300,000	3,731,000
Transfers Out	<u>(3,625,000)</u>	<u>(106,000)</u>		<u>(3,731,000)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,875,000)</u>	<u>575,000</u>	<u>1,300,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(60,914)	(289,848)	1,116,245	765,483
<i>Fund Cash Balances, January 1</i>	5,306,758	2,074,757	100,894	7,482,409
<i>Fund Cash Balances, December 31</i>	<u>\$5,245,844</u>	<u>\$1,784,909</u>	<u>\$1,217,139</u>	<u>\$8,247,892</u>

See accompanying notes to the basic financial statements

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Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Lake County General Health District, Lake County, (the District) as a body corporate and politic. A fourteen-member Board and a Health Commissioner govern the District. The District’s services include communicable disease investigations, immunization clinics, inspections, and public health nursing services, and the District issues health-related licenses and permits.

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

The District participates in the Public Entities Pool of Ohio (PEP) a public entity risk pool. Note 6 to the financial statements provides additional information on this entity.

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:

Women, Infants, and Children (WIC) Fund This is a Federal grant fund that accounts for the Special Supplemental Nutrition Program.

Public Health Nursing Fund This fund receives tax dollars, fees, and grant dollars for providing immunization, communicable disease investigation, and general health awareness.

Office of Health Policy & Performance Improvement Fund This fund receives grants and contract revenue and provides static review and evaluation of information related to the general health of county citizens. This fund is also responsible for accreditation of the District.

Permanent Funds This fund tracks revenue and expenses related to capital improvements for the District.

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 (C). 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 (C) 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 or object level of control and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated.

A summary of 2022 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:

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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, 2022, follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,972,877	\$8,137,270	\$1,164,393
Special Revenue	4,298,145	3,659,306	(638,839)
Permanent	1,700,000	1,327,850	(372,150)
Total	\$12,971,022	\$13,124,426	\$153,404

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,927,429	\$8,284,521	\$642,908
Special Revenue	4,846,947	3,994,164	852,783
Permanent	467,350	213,033	254,318
Total	\$14,241,726	\$12,491,718	\$1,750,009

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Lake 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.

Note 6 – Risk Management

Risk Pool Membership

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

- General Liability and casualty;
- Public official’s liability
- Vehicle

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

	<u>2022</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The District 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.

Social Security

At least one District employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2022.

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 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

Note 9 – Construction and Contractual Commitments

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. 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.

Lake County General Health District
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Permanent	Total
Outstanding Encumbrances	86,337	45,010	0	1,428	132,775
Total	<u>\$86,337</u>	<u>\$45,010</u>	<u>\$0</u>	<u>\$1,428</u>	<u>\$132,775</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – 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 2022, 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.

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Woman, Infants, and Children	10.557	04310011WA1623	\$155,733
		04310011WA1522	630,533
Total- Special Supplemental Nutrition Program for Woman, Infants, and Children			<u>786,266</u>
Total U.S. Department of Agriculture			<u>786,266</u>
U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY:			
<i>Passed Through the Ohio Environmental Protection Agency:</i>			
Air Pollution Control Program Support	66.001		79,762
			30,336
Total- Air Pollution Control Program Support			<u>110,097</u>
Surveys, Studies, Research, investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034		21,974
Total U.S. Department of Environmental Protection Agency			<u>132,072</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
<i>Passed Through Ohio Department of Public Safety:</i>			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	SC-2021-LCGH-00024	38,958
		SC-2022-LGCH-00017	38,958
Total- Highway Safety Cluster			<u>38,958</u>
Total U.S. Department of Transportation			<u>38,958</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed Through Ohio Department of Health:</i>			
Public Health Emergency Preparedness	93.069	04310012PH1322	264,054
		04310012PH1423	119,043
Total-Public Health Emergency Preparedness			<u>383,097</u>
Immunization Cooperative Agreements	93.268	04310012GV0523	7,693
		04310012GV0422	4,111
Total- Immunization Cooperative Agreements			<u>11,804</u>
COVID-19 Immunization Cooperative Agreements	93.268	04310012CN0122	66,367
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	04310012EO0222	78,123
		04310012EO0121	309,346
Total - COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases			<u>387,469</u>
Tobacco Use Prevention and Cessation	93.387	04310014TU0722	31,525
		04310014TU0823	35,700
Total - Tobacco Use Prevention and Cessation			<u>67,225</u>
COVID-19 Public Health Crisis Response	93.354	04310012WF0122	187,596
State Targeted Response to the Opioid Crisis	93.788	04310014IN0322	56,250
		04310014IN0423	56,250
Total- State Targeted Response to the Opioid Crisis			<u>56,250</u>
Total U.S. Department of Health and Human Services			<u>1,159,808</u>
Total Expenditures of Federal Awards			<u>\$2,117,104</u>

The accompanying notes are an integral part of this schedule.

**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lake County General Health District (the District) under programs of the federal government for the year ended December 31, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the Cash balances, receipts, and Disbursements by fund type of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE KEITH FABER



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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

Lake County General Health District
Lake County
5966 Heisley Road
Mentor, Ohio 44060

To the Board of Health:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Lake County General Health District, Lake County, Ohio (the District) and have issued our report thereon dated December 13, 2023, 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 purpose 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 obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The 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

December 13, 2023

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Lake County General Health District
Lake County
5966 Heisley Road
Mentor, Ohio 44060

To the Board of Health:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lake County General Health District's, Lake County, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Lake County General Health District's major federal programs for the year ended December 31, 2022. The Lake County General Health District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Lake County General Health District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 13, 2023

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**LAKE COUNTY GENERAL HEALTH DISTRICT
LAKE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse – GAAP Basis Unmodified – Regulatory Basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	<ul style="list-style-type: none"> ➤ Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) AL 10.557 ➤ Epidemiology and Laboratory Capacity for Infectious Diseases AL 93.323
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Not Low Risk

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to Findings for Recovery. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2022-001

Noncompliance Finding

Finding for Recovery Repaid Under Audit

The Lake County General Health District Board of Directors approved an employee's salary at \$27.39 per hour beginning January 15, 2022. Article 21 Section 8 of the Agreement between the Lake County General Health District and the American Federation of State, County and Municipal Employees, Ohio Council 8, AFL-CIO and AFSCME Local 3622 states that upon retirement or death, any employee employed prior to January 1, 2008, who has completed ten (10) or more years of service shall be eligible to convert to cash, accrued unused sick leave and eliminates all sick leave credit accrued but unused by the employee at the time payment is made, and that such cash conversion shall be determined by the following schedule based on the number of years of continuous service credit with the Lake County General Health District. For employees employed prior to January 1, 2008, who have completed twenty through twenty-nine years of service, the cash conversion is 25% of accrued unused sick leave not to exceed a maximum of sixty days. In addition, Article 18 Section 7 of the above Agreement permits an employee entitled to vacation to be compensated for any earned but unused vacation credits upon layoff or permanent separation of service.

At the time of the employee's separation from employment, an employee was paid out for 120 hours of unused sick and 37.83 hours of vacation time. However, in accordance with the District's leave balance records and pursuant to District's policy the employee should have been paid for 89.17 hours of sick leave and 41.83 hours of vacation leave. Based upon the employee's rate of pay this resulted in a \$735 net overpayment.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the employee in the amount of \$735, and in favor of Lake County General Health District WIC Program Fund, in the amount of \$735. The Lake County Health District is responsible for returning the \$735 to the WIC Program Fund.

The employee has agreed to a repayment plan with the Lake County General Health District. Commencing on June 10, 2023, and continuing on the 10th day of each month the employee will pay \$119.12 monthly until the amount due is repaid in full. As of December 10, 2023, the employee has reimbursed the District \$735 and this finding is considered repaid in full.

Failure to properly calculate severance payments can result in over/under payments for employees and findings for recovery.

The Health District should implement procedures to ensure individuals are compensated based upon the correct pay rates in accordance with the appropriate salary schedule, employment contract, and/or collective bargaining agreement. Furthermore, severance payouts should be recalculated to ensure the proper rate and hours are used within the calculations.

Officials' Response: For approximately 20 years, the employee that is the subject of the finding for recovery ("the employee") faithfully served the Lake County General Health District ("LCGHD"). Upon retirement, the employee was paid out for unused accrued vacation and sick time pursuant to LCGHD policy. Due to the LCGHD's calculation error, the employee was mistakenly overpaid for sick time accrual in the amount of \$735.00. Upon becoming aware of the error, LCGHD immediately took steps to correct the error and collect the overpaid funds. Although the employee did not cause the overpayment and received the payout in good faith, the employee agreed to a repayment plan, and, to date, has repaid \$714.72. As acknowledged in the finding for recovery, the overpayment will be fully repaid by December 10, 2023.

The finding for recovery summarily finds that public monies have been illegally expended. However, "[i]n order for an expenditure to be 'illegal' under R.C. 117.28, 'it must violate an identifiable existing law'-use of the term 'illegal' does not suggest 'the vague and far broader standard of impropriety.'" 2009 Ohio Atty.Gen.Ops. No. 2009-033, quoting *Mahoning Valley Sanitary District ex rel. Montgomery v. Gilbane Building Co.*, S.D. Ohio No. C2-98-785, 2001 WL 1871490 (Oct. 18, 2001). "A constitutional, statutory, or administrative provision must be violated by an expenditure in order for the expenditure to be illegal under R.C. 117.28." *Id.* The finding for recovery does not identify any constitutional, statutory, or administrative provision that was violated by the overpayment.

Indeed, the *2023 Ohio Compliance Supplement, Implementation Guide* states that "[a] Finding for Recovery for an illegal expenditure may be made only where the auditor (after consultation and advice from the Legal Division) has concluded that the public office *does not possess the legal authority* for the expenditure in question." *2023 Ohio Compliance Supplement, Implementation Guide*, p. 27 (Emphasis added). It explains that an illegal expenditure generally occurs when the public office either does not have the statutory authority or exceeded its statutory authority for the expenditure or there is not a proper public purpose for the expenditure. *Id.*

The *2023 Ohio Compliance Supplement, Implementation Guide* further states that if a Finding for Recovery is based on a determination that the public body exceeded its statutory authority, "a citation to a court decision containing a general description of the limited authority of the governmental unit is sufficient." *Id.* Here, the Finding for Recovery contains no such citation. Moreover, LCGHD "has the authority to determine the fringe benefits, including sick leave, vacation, and overtime, to which its employees are entitled..." 1980 Ohio Atty.Gen.Ops. No. 80-087, syllabus.

A Finding for Recovery based on a determination that there is not a proper public purpose for the expenditure must "cite a specific prohibition against the class of expenditure in question or must have facts to support a conclusion that the local determination was 'palpably and manifestly arbitrary and incorrect.'" *2023 Ohio Compliance Supplement, Implementation Guide*, 28. The Finding for Recovery here contains no such citation or recitation of facts.

Additionally, R.C. 9.39 places the liability for public money on public officials. A "public official" for purposes of this section is "any officer, employee, or duly authorized representative or agent of a public office." R.C. 117.01(D).

It is not in dispute that the employee is required to repay the overpayment of funds back to LCGHD, and has in fact almost completely satisfied that debt. However, at the time the sick leave payout was paid to the employee, the employee was no longer an employee of LCGHD and therefore not a public official with liability for public funds.

Auditor of State's Conclusion: Ohio Rev. Code § 117.24 requires the Auditor of State to determine whether "public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . . ." Those determinations in an audit report constitute "findings for recovery." Ohio Rev. Code § 9.24(H)(3). The aforementioned issue objectively meets the requirements for the issuance of a finding for recovery and has been reported as such consistent with the Auditor of State's procedures.

OHIO AUDITOR OF STATE KEITH FABER



LAKE COUNTY GENERAL HEALTH DISTRICT

LAKE 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 12/28/2023

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