

ROSS COUNTY HEALTH DISTRICT
ROSS COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022



Millhuff-Stang

CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Health
Ross County Health District
150 East Second Street
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Ross County Health District, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2022 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ross County Health District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 30, 2023

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Ross County Health District
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For the Year Ended December 31, 2022

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Independent Auditor's Report

Board of Health
Ross County Health District
150 East Second Street
Chillicothe, Ohio 45601

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ross County Health District, Ross County (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ross County Health District, Ross County, as of December 31, 2022, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the General and WIC Funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

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 (*Government Auditing Standards*). 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.

Emphasis of Matter – Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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 *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.

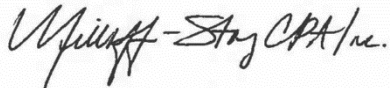
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic 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 June 26, 2023 on our consideration of the District's internal control over financial reporting and on 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.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

June 26, 2023

Ross County Health District
Ross County
Statement of Net Position - Cash Basis
December 31, 2022

	<u>Governmental Activities</u>
Assets	
Cash	\$7,926
Equity in County Treasury	<u>4,087,615</u>
Total Assets	<u><u>\$4,095,541</u></u>
Net Position	
Restricted For:	
Other Purposes	\$391,313
Unrestricted	<u>3,704,228</u>
Total Net Position	<u><u>\$4,095,541</u></u>

See the accompanying notes to the basic financial statements.

Ross County Health District
Ross County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Current:				
Children's Health	\$1,054,492	\$233,350	\$829,196	\$8,054
Environmental Health	451,386	341,925	25,000	(84,461)
Community Health	766,991	285,045	269,785	(212,161)
Administrative Services	730,314	379,155	46,805	(304,354)
Health Promotion	747,908	0	952,642	204,734
Capital Outlay	13,746	0	0	(13,746)
Debt Service:				
Principal	104,514	0	0	(104,514)
Interest	21,005	0	0	(21,005)
Total Governmental Activities	\$3,890,356	\$1,239,475	\$2,123,428	(527,453)
		General Receipts		
		Property Taxes Levied for		
		General Health District Purposes		1,418,584
		Grants and Entitlements not Restricted		
		to Specific Programs		125,707
		Miscellaneous		12,192
		Total General Receipts		1,556,483
		Change in Net Position		1,029,030
		Net Position Beginning of Year		3,066,511
		Net Position End of Year		\$4,095,541

See the accompanying notes to the basic financial statements.

Ross County Health District
Ross County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2022

	General	WIC	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$7,926	\$0	\$0	\$7,926
Equity in County Treasury	3,696,875	0	390,740	4,087,615
Total Assets	\$3,704,801	\$0	\$390,740	\$4,095,541
Fund Balances				
Restricted	\$0	\$0	\$391,313	\$391,313
Assigned	63,943	0	0	63,943
Unassigned (Deficit)	3,640,858	0	(573)	3,640,285
Total Fund Balances	\$3,704,801	\$0	\$390,740	\$4,095,541

See the accompanying notes to the basic financial statements.

Ross County Health District
Ross County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

	General	WIC	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$1,418,584	\$0	\$0	\$1,418,584
Intergovernmental	172,512	563,268	1,513,355	2,249,135
Charges for Services	719,644	0	519,831	1,239,475
Miscellaneous	3,557	0	8,635	12,192
Total Receipts	2,314,297	563,268	2,041,821	4,919,386
Disbursements				
Current:				
Children's Health	0	553,754	500,738	1,054,492
Environmental Health	107,614	0	343,772	451,386
Community Health	482,491	0	284,500	766,991
Administrative Services	730,314	0	0	730,314
Health Promotion	0	0	747,908	747,908
Capital Outlay	13,746	0	0	13,746
Debt Service:				
Principal	62,001	15,616	26,897	104,514
Interest	12,461	3,138	5,406	21,005
Total Disbursements	1,408,627	572,508	1,909,221	3,890,356
Excess of Receipts Over (Under) Disbursements	905,670	(9,240)	132,600	1,029,030
Other Financing Sources (Uses)				
Transfers In	0	0	34,397	34,397
Advances In	248,049	43,934	104,498	396,481
Transfers Out	(34,397)	0	0	(34,397)
Advances Out	(148,431)	(34,694)	(213,356)	(396,481)
Total Other Financing Sources (Uses)	65,221	9,240	(74,461)	0
Net Change in Fund Balances	970,891	0	58,139	1,029,030
Fund Balances, Beginning of Year	2,733,910	0	332,601	3,066,511
Fund Balances, End of Year	\$3,704,801	\$0	\$390,740	\$4,095,541

See the accompanying notes to the basic financial statements.

Ross County Health District
Ross County
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$1,313,000	\$1,313,000	\$1,418,584	\$105,584
Intergovernmental	68,000	68,000	172,512	104,512
Charges for Services	325,000	325,000	379,155	54,155
Miscellaneous	0	0	3,557	3,557
Total Receipts	1,706,000	1,706,000	1,973,808	267,808
Disbursements				
Current:				
Administrative Services	842,553	783,943	731,664	52,279
Capital Outlay	2,000	76,089	76,089	0
Debt Service:				
Principal	52,479	37,422	37,420	2
Interest	7,521	7,521	7,521	0
Total Disbursements	904,553	904,975	852,694	52,281
Excess of Receipts Over Disbursements	801,447	801,025	1,121,114	320,089
Other Financing Sources (Uses)				
Advances In	0	0	248,049	248,049
Transfers Out	(543,191)	(543,191)	(319,454)	223,737
Advances Out	0	0	(148,431)	(148,431)
Total Other Financing Sources (Uses)	(543,191)	(543,191)	(219,836)	323,355
Net Change in Fund Balances	258,256	257,834	901,278	643,444
Fund Balance, Beginning of Year-Restated	2,733,910	2,733,910	2,733,910	0
Fund Balance, End of Year	\$2,992,166	\$2,991,744	\$3,635,188	\$643,444

See the accompanying notes to the basic financial statements.

Ross County Health District
Ross County
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budget Basis
WIC Fund
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$431,375	\$576,375	\$563,268	(\$13,107)
Total Receipts	431,375	576,375	563,268	(13,107)
Disbursements				
Current:				
Children's Health	431,689	564,340	553,754	10,586
Debt Service:				
Principal	18,912	31,485	15,616	15,869
Interest	3,138	3,138	3,138	0
Total Disbursements	453,739	598,963	572,508	26,455
Excess of Receipts Under Disbursements	(22,364)	(22,588)	(9,240)	13,348
Other Financing Sources (Uses)				
Advances In	0	0	43,934	43,934
Advances Out	0	0	(34,694)	(34,694)
Total Other Financing Sources (Uses)	0	0	9,240	9,240
Net Change in Fund Balances	(22,364)	(22,588)	0	22,588
Fund Balance, Beginning of Year	0	0	0	0
Fund Balance, End of Year	(\$22,364)	(\$22,588)	\$0	\$22,588

See the accompanying notes to the basic financial statements.

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Ross County Health District, Ross County, Ohio, (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A seven-member Board of Health appointed by the District Advisory Council and the Mayor of Chillicothe with the approval of City Council governs the District. The Board appoints a health commissioner and all employees of the District.

By law, the Ross County Auditor is the fiscal agent of the District.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District is responsible for the administration of all health programs established by the Ohio Revised Code, the Ohio Department of Health, and the Public Health Council. The District's services include, but are not limited to, communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits, environmental health programs, children's health services and emergency response planning.

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

Note 2 – Summary of Significant Account Policies

As discussed further in the basis of accounting section of this note, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements and program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions.

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The District uses fund accounting 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 in one category: governmental.

Governmental Funds – Governmental funds are those through which most governmental functions of the District are financed. The following are the District’s major governmental funds:

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.

WIC Fund – This fund accounts for and reports federal grant monies passed through the Ohio Department of Health that are restricted to the Women, Infants and Children program.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The District’s financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate.

The appropriations resolution is the District Board’s authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the District’s Board. The legal level of control has been established by the Board of Health at the fund, department, and object level for all funds.

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Ohio Revised Code Section 5705.28(C)(1) requires the District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the District by about June 1 (forty-five days prior to July 15). The County Auditor cannot allocate property taxes from the municipalities and townships within the District if the filing has not been made.

Ohio Revised Code Section 3709.28 establishes budgetary requirements for the District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, the District must adopt an itemized appropriation measure. The appropriations measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the County Budget Commission. Subject to estimated resources, the District's Board may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the County Budget Commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed by the District's Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriations passed by the District's Board during the year.

Cash and Investments

The County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments, which are reported at the County Treasurer's carrying amount. The carrying amount of these cash and investments as of December 31, 2022 was \$4,087,615. Deposit and investment disclosures for the County as a whole may be obtained from the Ross County Auditor's Office, 2 North Paint Street, Suite G, Chillicothe, Ohio 45601, (740) 702-3080.

The District maintains a bank account to hold District receipts during each month and then makes a monthly deposit to the County. The carrying amount of these deposits as of December 31, 2022 was \$7,926, which includes deposits in transit of \$1,860, and the bank balance was \$6,066. The entire balance was covered by federal depository insurance.

Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions cost-sharing pension plans when they are paid. As described in notes 8 and 9, the employer contributions include portions for pension benefits and for other postretirement benefits (OPEB).

Long-Term Obligations

The District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

Leases

The District is the lessee (as defined by GASB 87) in various leases related to buildings and equipment under noncancelable leases. Lease payables are not reflected under the District's cash basis of accounting. Lease disbursements are recognized when they are paid.

Net Position

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes is comprised primarily of resources restricted for grants. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balances

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:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans. The District reported no nonspendable fund balances as of December 31, 2022.

Restricted – Fund balance is reported as *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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District reported no committed fund balances as of December 31, 2022.

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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.

Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis presented for the general fund and the WIC fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis is as follows:

- Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).
- As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a financial reporting basis. This includes the environmental health fund and the community health fund. Since these funds are budgeted separately, they are not included in the budgetary presentation for the general fund.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	WIC
Cash Basis	\$970,891	\$0
Encumbrances	(63,693)	0
Combined Funds	(5,920)	0
Budget Basis	\$901,278	\$0

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Ross 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 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the District. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all District operations for the year ended December 31, 2022 was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Real Property	\$1,356,995,450
Public Utility Personal Property	178,837,320
Total	\$1,535,832,770

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the County. The County Auditor periodically remits to the District its portion of the taxes collected.

Note 6 – Interfund Balances and Transfers

Transfers

During 2022, the following transfers were made:

	Transfers In	Transfers Out
Major Fund:		
General Fund	\$0	\$34,397
Nonmajor Funds:		
Sewage Program	30,240	0
Water Systems	4,157	0
Total Nonmajor Funds	34,397	0
Total All Funds	\$34,397	\$34,397

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Transfers were made from the general fund to various special revenue funds to subsidize operations.

Interfund Balances

Interfund balances at December 31, 2022 consisted of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Funds:		
General Fund	\$148,431	\$0
WIC Fund	0	43,934
Nonmajor Funds:		
Cribs for Kids	0	5,680
WIC Peer Program	0	3,890
PHEP	0	4,235
BJA Program	0	14,546
Mobility Management	0	9,210
Creating Healthy Communities	0	6,754
COSSAP	0	24,731
Enhanced Operations	0	4,382
MIECHV	0	22,660
Workforce Development	0	8,409
Total Nonmajor Funds	0	104,497
Total All Funds	\$148,431	\$148,431

Interfund balances at December 31, 2022 were advanced to various special revenue funds to cover negative fund balances until pending grant money requests were received. These advances are expected to be repaid within one year.

Note 7 – 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:

- 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, 2021 (the latest information available):

Cash and Investments	\$41,996,850
Actuarial Liabilities	14,974,099

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

Note 8 – Defined Benefit Pension Plan

The Statewide retirement system provides both pension benefits and other postemployment benefits (OPEB).

Ohio Public Employees Retirement System

Plan Description – District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member’s pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

*Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**These pension and employer health care rates are for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent for health care with the remainder going to pension.

Ross County Health District
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$283,953 for the year 2022.

Note 9 – Post-Employment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2022.

Note 10 – Long-Term Obligations

Changes in the long-term obligations of the District during 2022 were as follows:

	Principal Outstanding at 1/1/22	Additions	Deletions	Principal Outstanding at 12/31/22	Amount Due in One Year
Governmental Activities:					
Financed Purchase-Building	\$1,050,257	\$0	(\$104,514)	\$945,743	\$106,604

Financed Purchase

In 2014, the District entered into a financed purchase agreement for the purchase of a building and for additional funds to renovate the building. Within the agreement, the District agreed that if it failed to pay payments or any other amount required to be paid within ten days after the due date or if the District remains in default under any other condition of the agreement for a period of thirty days after written notice from the financier, the District may, at the financier's option, without notice to the District, terminate the lease. Alternately, the financier may re-enter and take possession of the premises and remove all persons and properties therefrom, and re-let the premises or any part thereof, for all or any part of the remainder of the term to a party satisfactory of the financier. If the financier is

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

unable to re-let the premises after reasonable efforts to do so, or should the monthly payment be less than the agreed upon rental of the District, then the District shall pay the amount of the deficiency to the financier.

The financed purchase agreement will be paid from several funds, including the general fund, community health funds, environmental funds, health promotion funds, and the WIC fund.

Future financed purchase payments, including interest, are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$125,519
2024	125,519
2025	125,519
2026	125,519
2027	125,519
2028-2031	407,935
Total	<u><u>\$1,035,530</u></u>

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and other governmental funds are presented below:

Fund Balances	General	WIC	Other Governmental Funds	Total Governmental Funds
<i>Restricted for</i>				
Children’s Health	\$0	\$0	\$129,735	\$129,735
Environmental Health	0	0	89,529	89,529
Community Health	0	0	13,232	13,232
Health Promotion	0	0	158,817	158,817
Total	<u>0</u>	<u>0</u>	<u>391,313</u>	<u>391,313</u>
<i>Assigned for</i>				
Future Purchases	63,943	0	0	63,943
<i>Unassigned (Deficit)</i>				
	<u>3,640,858</u>	<u>0</u>	<u>(573)</u>	<u>3,640,285</u>
<i>Total</i>	<u><u>\$3,704,801</u></u>	<u><u>\$0</u></u>	<u><u>\$390,740</u></u>	<u><u>\$4,095,541</u></u>

Note 12 – Contingent Liabilities

Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

Ross County Health District
Ross County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Litigation

The District is not currently party to legal proceedings.

Note 13 – Accountability

The following fund had a deficit fund balance as of December 31, 2022.

Public Health Emergency Preparedness	\$573
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Note 14 – New Accounting Pronouncement

For 2022, the District implemented GASB Statement No. 87, “Leases”. GASB Statement 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes, as applicable to the District’s cash basis of accounting, were incorporated in the District’s fiscal year 2022 financial statements; however, there was no effect on beginning net position/fund balance.

Ross County Health District
Ross County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>United States Department of Agriculture</u>			
<i>Passed through the Ohio Department of Health</i>			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	07110011WA1522	\$529,181
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	07110011WA1623	77,795
Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children			606,976
Total United States Department of Agriculture			606,976
<u>United States Department of Justice</u>			
<i>Passed through the Institute for Intergovernmental Research</i>			
Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program	16.838	2017-AR-BX-K003	91,207
Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program	16.838	2020-AR-BX-0069	101,297
Total Comprehensive Opioid, Stimulant, and Substance Abuse Site-Based Program			192,504
Total United States Department of Justice			192,504
<u>United States Department of Transportation</u>			
<i>Passed through the Ohio Department of Transportation</i>			
Transit Services Programs Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OCPX-0327-038-210	59,315
Total Transit Services Programs Cluster			59,315
Total United States Department of Transportation			59,315
<u>United States Department of Health and Human Services</u>			
<i>Passed through the Ohio Department of Health</i>			
Public Health Emergency Preparedness	93.069	07110012PH1322	53,804
Public Health Emergency Preparedness	93.069	07110012PH1423	28,319
Total Public Health Emergency Preparedness			82,123
Injury Prevention and Control Research and State and Community Based Programs	93.136	07110014DR0322	84,560
Immunization Cooperative Agreements	93.268	07110012GV0122	13,184
Immunization Cooperative Agreements	93.268	07110012CN0122	53,013
Total Immunization Cooperative Agreements			66,197
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	07110012EO0121	106,157
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	07110012EO0222	54,870
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			161,027
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response:			
Public Health Crisis Response	93.354	07110012WF0122	136,338
National and State Tobacco Control Program	93.387	07110014TU0322	7,438
Opioid STR	93.788	07110014IN0423	61,242
Maternal, Infant, and Early Childhood Home Visiting Program - Formula	93.870	07110011MH0222	143,592
Maternal, Infant, and Early Childhood Home Visiting Program - Formula	93.870	07110011MH0323	44,981
Maternal, Infant, and Early Childhood Home Visiting Program - Formula	93.870	N/A	18,297
Maternal, Infant, and Early Childhood Home Visiting Program - Formula	93.870	X1141941	6,091
Total Maternal, Infant, and Early Childhood Home Visiting Program - Formula			212,961
Preventive Health and Health Services Block Grant	93.991	07110014CC0321	10,955
Preventive Health and Health Services Block Grant	93.991	07110014CC0422	91,792
Total Preventive Health and Health Services Block Grant			102,747
Total United States Department of Health and Human Services			914,633
Total Federal Financial Assistance			\$1,773,428

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Ross County Health District
Ross County
Notes to the Schedule of Expenditures of Federal Awards
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 the Ross County 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 financial position or changes in net position 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Health
Ross County Health District
150 East Second Street
Chillicothe, Ohio 45601

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 governmental activities, each major fund and the aggregate remaining fund information of the Ross County Health District, Ross County (the District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 26, 2023, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

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 entity'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.

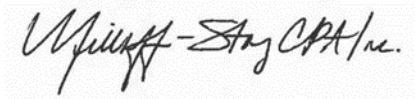
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

June 26, 2023

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Health
Ross County Health District
150 East Second Street
Chillicothe, Ohio 45601

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the Ross County Health District, Ross County, (the District) with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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

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

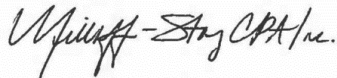
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

June 26, 2023

Ross County Health District
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified (Cash Basis)
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	WIC Special Supplemental Nutrition Program for Women, Infants and Children, AL #10.557; Maternal, Infant, and Early Childhood Home Visiting Program-Formula, AL #93.870
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: All Others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

OHIO AUDITOR OF STATE KEITH FABER



ROSS COUNTY HEALTH DISTRICT

ROSS 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 9/12/2023

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