



OHIO AUDITOR OF STATE
KEITH FABER



HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND COUNTY

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INDEPENDENT AUDITOR'S REPORT

Highland County General Health District
Highland County
1487 North High Street Suite 400
Hillsboro, Ohio 45133

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Highland County General Health District, Highland County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2022 and 2021, 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 years ended December 31, 2022 and 2021, 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 and 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by 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.

Emphasis of Matter

As discussed in Note 11 to the 2022 financial statements and Note 10 to the 2021 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024, 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
January 24, 2024

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HIGHLAND COUNTY GENERAL HEALTH DISTRICT

HIGHLAND COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes-	\$930,944	\$0	\$0	\$930,944
Fees	318,600	5,242	0	323,842
Fines, Licenses and Permits	78,822	53,328	0	132,150
Intergovernmental:				
Grants	492,667	0	0	492,667
Other	47,001	0	0	47,001
Miscellaneous	62,847	0	0	62,847
<i>Total Cash Receipts</i>	<u>1,930,881</u>	<u>58,570</u>	<u>0</u>	<u>1,989,451</u>
Cash Disbursements				
Current:				
Health:				
Salaries	681,562	40,380	0	721,942
Supplies	187,120	68	0	187,188
Equipment	20,712	0	0	20,712
Contracts- Repair	6,084	0	0	6,084
Contracts- Services	162,840	0	0	162,840
Travel & Expenses	34,898	3,454	0	38,352
Advertising and Printing	1,509	0	0	1,509
Public Employees Retirement	84,704	5,414	0	90,118
workers Compensation	4,000	344	0	4,344
Other Expenses	7,159	4,233	0	11,392
Insurance	114,585	0	0	114,585
Medicare	9,460	583	0	10,043
Remit to State	47,638	9,640	0	57,278
Water test fees	90,876	0	0	90,876
<i>Total Cash Disbursements</i>	<u>1,453,147</u>	<u>64,116</u>	<u>0</u>	<u>1,517,263</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>477,734</u>	<u>(5,546)</u>	<u>0</u>	<u>472,188</u>
Other Financing Receipts (Disbursements)				
Loan Proceeds	93,665	0	0	93,665
Transfers In	0	0	50,000	50,000
Transfers Out	(50,000)	0	0	(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>43,665</u>	<u>0</u>	<u>50,000</u>	<u>93,665</u>
<i>Net Change in Fund Cash Balances</i>	<u>521,399</u>	<u>(5,546)</u>	<u>50,000</u>	<u>515,853</u>
<i>Fund Cash Balances, January 1</i>	<u>969,026</u>	<u>97,570</u>	<u>61,620</u>	<u>1,128,216</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,490,425</u>	<u>\$92,024</u>	<u>\$111,620</u>	<u>\$1,694,069</u>

The notes to the financial statements are an integral part of this statement.

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Highland County General Health District

Highland 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 Highland County General Health District, Highland County (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, environmental health regulation and inspections, public health nursing services, and issues health-related environmental health licenses and permits.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Restaurant Fund – This fund receives receipts for licenses for food establishments and food service operations.

RV Parks Fund - This fund receives fees for licenses purchased for recreation vehicle park operations.

Swimming Pool Fund - This fund receives fees for licenses purchased for public and or commercial pool operations.

Private Water Fund - This fund receives fees for licenses for private wells and water haulers as well as fees for water samples.

Capital Project Fund This funds accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project fund:

Capital Improvement Fund - This fund receives money from the General Fund for future needs with building and improvement projects.

Highland County General Health District
Highland 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 (except certain custodial funds).

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

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

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

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.

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:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes

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

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	\$1,576,250	\$2,024,545	\$448,295
Special Revenue	68,869	58,569	(10,300)
Capital Projects			0
Total	\$1,645,119	\$2,083,114	\$437,995

Highland County General Health District
Highland 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	\$1,786,000	\$1,503,147	\$282,853
Special Revenue	85,930	64,115	21,815
Capital Projects			0
Total	\$1,871,930	\$1,567,262	\$304,668

Note 4 – Deposits and Investments

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

Note 5 – Intergovernmental Funding and Property Taxes

Intergovernmental Funding

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

Property Taxes

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

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

Intergovernmental Grants Reimbursement Amounts (Federal Grants and State Grants): \$288,190.21

The District received several federal grants (often passed through the State of Ohio) during the 2022 fiscal year. Grant revenue and expenses are tracked for all grants in grant specific ledgers, which are available for review upon request. Below is an overview of the funds received from federal grants in 2022.

Highland County General Health District

Highland County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Funding Source: Department of Health and Human Services Centers for Disease Control and Prevention
Department of Health

Grant Name: Covid 19 Vaccination (CN)

Grant CFDA: 93.268

Project Number: 03610012CN01225

Grant Amount Received: \$61,443.98

Funding Source: Department of Health and Human Services Centers for Disease Control and Prevention
Department of Health

Grant Name: Covid-19 Enhanced Operations (EO)

Grant CFDA: 93.323

Project Number: 03610012EO0222

Grant Amount Received: \$226,746.23

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on .9710% of salaries. This rate is calculated based on accident history and administrative costs (if material). In 2016 Local governments in Ohio were required to go from retrospective to prospective.

Risk Pool Membership

The District is a member of 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:

	<u>2021</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,475

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, 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 – Debt

In 2022, the District entered into loan agreement # HS391705-0006 with the Ohio Water Development Authority (OWDA) to participate in the Water Pollution Control Loan Fund Program. In 2022, the District received \$93,665 in loan proceeds. The loan has been paid in full by principal forgiveness from OWDA.

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:

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.

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

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.

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HIGHLAND COUNTY GENERAL HEALTH DISTRICT

HIGHLAND COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property Taxes-	\$874,947	\$0	\$0	\$874,947
Fees	184,844	0	0	184,844
Fines, Licenses and Permits	51,552	63,402	0	114,954
Intergovernmental:				
Grants	588,826	0	0	588,826
<i>Total Cash Receipts</i>	<u>1,700,169</u>	<u>63,402</u>	<u>0</u>	<u>1,763,571</u>
Cash Disbursements				
Current:				
Health:				
Salaries	674,242	38,718	0	712,960
Supplies	197,663	0	0	197,663
Equipment	8,739	0	0	8,739
Contracts- Repair	220	0	0	220
Contracts- Services	117,220	0	0	117,220
Travel & Expenses	7,520	2,785	0	10,305
Board Member Pay	4,320	0	0	4,320
Advertising and Printing	1,009	0	0	1,009
Public Employees Retirement	92,152	5,420	0	97,572
workers Compensation	2,787	235	0	3,022
Other Expenses	6,061	7,512	0	13,573
Insurance	135,910	0	0	135,910
Medicare	9,298	0	0	9,298
Remit to State	48,396	8,968	0	57,364
Water test fees	0	4,005	0	4,005
Intergov Deduct	42,718	0	0	42,718
<i>Total Cash Disbursements</i>	<u>1,348,255</u>	<u>67,643</u>	<u>0</u>	<u>1,415,898</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>351,914</u>	<u>(4,241)</u>	<u>0</u>	<u>347,673</u>
<i>Net Change in Fund Cash Balances</i>	351,914	(4,241)	0	347,673
<i>Fund Cash Balances, January 1</i>	<u>617,112</u>	<u>101,811</u>	<u>61,620</u>	<u>780,543</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$969,026</u></u>	<u><u>\$97,570</u></u>	<u><u>\$61,620</u></u>	<u><u>\$1,128,216</u></u>

The notes to the financial statements are an integral part of this statement

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Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Restaurant Fund – This fund receives receipts for licenses for food establishments and food service operations.

RV Parks Fund - This fund receives fees for licenses purchased for recreation vehicle park operations.

Swimming Pool Fund - This fund receives fees for licenses purchased for public and or commercial pool operations.

Private Water Fund - This fund receives fees for licenses for private wells and water haulers as well as fees for water samples.

Capital Project Fund This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project fund:

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Capital Improvement Fund - This fund receives money from the General Fund for future needs with building and improvement projects.

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 object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2021 budgetary activity appears in Note 4.

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, however, our annual budget does reflect a cushion for unexpected cash payments.

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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:

Nonspendable - The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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. For regulatory purposes, limited disclosure related to fund balance is included in Note 11, at the end of the fund balance section.

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.

Note 3 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,088,150	\$1,700,169	\$612,019
Special Revenue	68,869	63,402	(5,467)
Capital Projects			0
Total	\$1,157,019	\$1,763,571	\$606,552

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,557,899	\$1,348,255	\$209,644
Special Revenue	84,880	67,643	17,237
Capital Projects	61,620	0	61,620
Total	\$1,704,399	\$1,415,898	\$288,501

Note 4 – Deposits and Investments

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

Note 5 – Intergovernmental Funding and Property Taxes

Intergovernmental Funding

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

Property Taxes

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

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

Note 6 – Risk Management

Workers’ Compensation coverage is provided by the State of Ohio. The District pays the State Workers’ Compensation System a premium based on .9710% of salaries. This rate is calculated based on accident history and administrative costs (if material). In 2016 Local governments in Ohio were required to go from retrospective to prospective.

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Commercial Insurance

The District is a member of 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:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Note 8 – Postemployment Benefits

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

Highland County General Health District
Highland County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

In 2020, the District entered into loan agreement #8463 with the Ohio Water Development Authority (OWDA) to participate in the 2019 HSTS Program under the Water Pollution Control Loan Fund Program. In 2020, the District received \$31,976 in loan proceeds. The loan has been paid in full by principal forgiveness from OWDA.

In 2021, the District entered into loan agreement #8814 with the Ohio Water Development Authority (OWDA) to participate in the 2020 HSTS Program under the Water Pollution Control Loan Fund Program. In 2021, the district did not receive any loan proceeds.

Note 10 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 11 – 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 non-spendable 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.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt services funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the non-spendable 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.

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

Highland County General Health District
Highland County
1487 North High Street Suite 400
Hillsboro, Ohio 45133

To the Board of Trustees:

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, 2022 and 2021 and the related notes to the financial statements of the Highland County General Health District, Highland County, (the District) and have issued our report thereon dated January 24, 2024, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of finding as item 2022-001 that we consider to be a material weakness.

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
January 24, 2024

**HIGHLAND COUNTY GENERAL HEALTH DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in the District's financial statement monitoring and review process, the District made the following errors during the compilation of the budgetary footnote to the 2021 financial statements:

- The Special Revenue Funds Final Budgeted Receipts were understated by \$3,780.
- The Special Revenue Funds Actual Receipts were understated by \$34,169.
- The Special Revenue Funds Final Budgeted Appropriations were understated by \$5,000.
- The Capital Improvements Funds Final Budgeted Expenditures were understated by \$61,620 due to not presenting Capital Improvements Funds in the budgetary footnote.

Due to deficiencies in the District's financial statement monitoring and review process, the District made the following errors in the 2022 financial statements:

- The budgetary footnote General Fund Final Budgeted Expenditures were understated by \$210,000 due to error in the compilation of the budgetary footnote.
- The General Fund Fines, Licenses, and Permits were overstated and Loan proceeds were understated by \$93,665 due to the incorrect posting of certain receipts.

The District corrected the financial statements and accounting records, where appropriate, for the errors above.

The District made additional errors in classifying receipt and disbursement transaction line items in various funds in the Statement of Receipts, Disbursements, and Changes in Fund Balances in amounts ranging from \$1 to \$55,024 in 2021 and \$1 to \$63,979 in 2022. The District did correct the financial statements for some of these errors, but not all. The uncorrected amounts were not considered material.

Failure to accurately post and report transactions could result in material errors in the District's financial statements and reduces the District's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the District. We recommend the District review and implement internal controls to ensure financial transactions are accurately recorded and reported.

Officials' Response:

The Officials' did not respond to this finding.

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Public Health
Prevent. Promote. Protect.

Highland County General Health District

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2022 and 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Misposting of Transactions	Not Corrected	Reissued as 2022-001

OHIO AUDITOR OF STATE KEITH FABER



HIGHLAND COUNTY GENERAL HEALTH DISTRICT

HIGHLAND 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 2/13/2024

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