



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CITY OF NORWOOD BOARD OF HEALTH  
HAMILTON COUNTY  
DECEMBER 31, 2019**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

City of Norwood Board of Health  
Hamilton County  
2059 Sherman Avenue  
Norwood, Ohio 45212

To the Board of Health:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Norwood Board of Health, Hamilton County, Ohio (the Board), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the City of Norwood Board of Health, Hamilton County, Ohio, as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 8 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing the emergency measures will impact subsequent periods of the Board. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020, on our consideration of the Board'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Board's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

September 25, 2020

## **City of Norwood Board of Health, Ohio**

Management's Discussion and Analysis  
For the Year Ended December 31, 2019  
Unaudited

The discussion and analysis of the City of Norwood Board of Health (the Board) financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of Board's financial performance.

### **Financial Highlights**

Key financial highlights for 2019 are as follows:

- Effective January 1, 2019, the Board was recognized as a legally separate organization from the City of Norwood (the City) and is reflected as a transfer of operations on the City's financials. These are the first financial statements of the Board. The beginning net position and beginning fund balance represent the amount the City transferred to the Board.
- The Board had \$596,217 in expenses. These expenses were offset by \$577,330 in revenues. The Board receives funding from the City. During 2019, the Board received \$302,138 in the form of intergovernmental revenue from the City.
- The Board is dedicated to preventing the spread of disease, promoting healthy lifestyles and behaviors, protecting our environment, residents and visitors from harmful effects of pollutants and diseases.

### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Board as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the Board, presenting both an aggregate and a longer-term view of those finances. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of the Board. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

### **Reporting on the City of Norwood Board of Health as a Whole**

#### *Statement of Net Position and the Statement of Activities*

The Statement of Net Position and Statement of Activities include all assets and deferred outflows of resources and all liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the Board's net position and the changes in that position. The change in net position is important because it tells the reader whether, for the Board as a whole, the financial position of the Board has improved or diminished.

## City of Norwood Board of Health, Ohio

Management's Discussion and Analysis  
For the Year Ended December 31, 2019  
Unaudited

All of the Board's programs and services are reported as Governmental Activities in the Statement of Net Position and the Statement of Activities. Governmental Activities consist of functions that are principally supported by intergovernmental and fees, licenses and permits revenues. Activities include public health services.

### Reporting on the Most Significant Funds

#### *Governmental Fund*

The presentation for the Board's only two funds, the General Fund and the Grants Special Revenue Fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. These funds are reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Board's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our users. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

### City of Norwood Board of Health as a Whole

Recall that the Statement of Net Position looks at the Board as a whole. Table 1 provides a summary of the Board's net position for 2019.

	<u>12/31/2019</u>	<u>1/1/2019</u>	<u>Change</u>
<b>Assets</b>			
Current and Other Assets	<u>\$199,373</u>	<u>\$217,501</u>	<u>(\$18,128)</u>
<b>Liabilities</b>			
Current and Other Liabilities	<u>3,894</u>	<u>3,135</u>	<u>(759)</u>
<b>Net Position</b>			
Restricted	196,426	214,366	(17,940)
Unrestricted (Deficit)	(947)	0	(947)
<i>Total Net Position (Deficit)</i>	<u><u>\$195,479</u></u>	<u><u>\$214,366</u></u>	<u><u>(\$18,887)</u></u>

The Board reported a total net position of \$195,479 for 2019. The decrease was mainly due to grant fund expenses outpacing revenues.

Current and other assets for the Board, in the amount of \$199,373, consisted of cash and intergovernmental receivables. Liabilities in 2019 amounted to \$3,894 and consisted of accounts and intergovernmental payables.

Table 2 shows the changes in net position for the years ended December 31, 2019, as compared to 2018.



**City of Norwood Board of Health, Ohio**

Management's Discussion and Analysis  
For the Year Ended December 31, 2019  
Unaudited

*Table 2*  
*Changes in Net Position*

	<u>2019</u>
<b>Revenues</b>	
Program Revenues	
Charges for Services	\$156,426
Operating Grants and Contributions	<u>420,904</u>
<i>Total Revenues</i>	577,330
<b>Program Expenses</b>	
Public Health Services	<u>596,217</u>
<i>Change in Net Position</i>	(18,887)
<i>Net Position Beginning of Year</i>	<u>214,366</u>
<i>Net Position End of Year</i>	<u><u>\$195,479</u></u>

The main revenue sources for the Board are funding they receive from the City as well as fees the Board collects from fees, licenses and permits issued. The Board also receives various federal and State grants.

**The Board's Funds**

Information about the Board's governmental funds begins on page 7. These funds are accounted for using the modified accrual basis of accounting. The Board had governmental revenues of \$577,330 and expenditures of \$596,217. Revenues are primarily attributable to intergovernmental revenue and fees, licenses and permits that the Board receives. The decrease in fund balance is due to expenditures exceeding revenues during the year.

**Current Financial Related Activities**

The Board of Health is the governing body of the Norwood City Health Department. The Board is governed by a five member Board and a Health Commissioner. The Board is appointed by the Mayor and approved by Norwood City Council. The Board is dependent on the funding they receive from the City.

**Contacting the City of Norwood Board of Health Financial Management**

This report is designed to provide the reader with a broad overview of the Board's financial position, as well as a general understanding of the financial operations of the Board. If you have any questions about this report or need any additional financial information, please contact the Auditor's Office, City of Norwood, 4645 Montgomery Road, Norwood, Ohio 45212.

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**City of Norwood Board of Health**

Statement of Net Position

December 31, 2019

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$196,666
Intergovernmental Receivable	<u>2,707</u>
<i>Total Assets</i>	<u>199,373</u>
<b>Liabilities</b>	
Accounts Payable	1,187
Intergovernmental Payable	<u>2,707</u>
<i>Total Liabilities</i>	<u>3,894</u>
<b>Net Position</b>	
Restricted for Other Purposes	196,426
Unrestricted (Deficit)	<u>(947)</u>
<i>Total Net Position</i>	<u><u>\$195,479</u></u>

See accompanying notes to the basic financial statements

**City of Norwood Board of Health**  
Statement of Activities  
For the Year Ended December 31, 2019

	<u>Program Revenues</u>		Net (Expense) Revenue and Changes in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental Activities</b>			
Current:			
Public Health Services	<u>\$596,217</u>	<u>\$156,426</u>	<u>\$420,904</u>
			<u>(\$18,887)</u>
		<b>General Revenues</b>	<u>0</u>
		<i>Change in Net Position</i>	(18,887)
		<i>Net Position Beginning of Year</i>	<u>214,366</u>
		<i>Net Position End of Year</i>	<u>\$195,479</u>

See accompanying notes to the basic financial statements

**City of Norwood Board of Health**

Balance Sheet

Governmental Funds

December 31, 2019

	<u>General</u>	<u>Grants</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$196,666	\$196,666
Intergovernmental Receivable	2,707	0	2,707
	<u>2,707</u>	<u>0</u>	<u>2,707</u>
<i>Total Assets</i>	<u>\$2,707</u>	<u>\$196,666</u>	<u>\$199,373</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$947	\$240	\$1,187
Intergovernmental Payable	2,707	0	2,707
	<u>2,707</u>	<u>0</u>	<u>2,707</u>
<i>Total Liabilities</i>	<u>3,654</u>	<u>240</u>	<u>3,894</u>
<b>Fund Balances</b>			
Restricted	0	196,426	196,426
Assigned	0	0	0
Unassigned (Deficit)	(947)	0	(947)
	<u>(947)</u>	<u>0</u>	<u>(947)</u>
<i>Total Fund Balances (Deficit)</i>	<u>(947)</u>	<u>196,426</u>	<u>195,479</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,707</u>	<u>\$196,666</u>	<u>\$199,373</u>

See accompanying notes to the basic financial statements

**City of Norwood Board of Health**

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2019

	<u>General</u>	<u>Grants</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Intergovernmental	\$302,138	101,419	403,557
Fees, Licenses and Permits	156,426	0	156,426
Contributions and Donations	0	17,347	17,347
<i>Total Revenues</i>	458,564	118,766	577,330
<b>Expenditures</b>			
Current:			
Public Health Services	459,511	136,706	596,217
<i>Net Change in Fund Balances</i>	(947)	(17,940)	(18,887)
<i>Fund Balances Beginning of Year</i>	0	214,366	214,366
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$947)</u>	<u>\$196,426</u>	<u>\$195,479</u>

See accompanying notes to the basic financial statements

## **City of Norwood Board of Health, Ohio**

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

### **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the City of Norwood Board of Health (the Board) as a body corporate and politic. A five member Board and a Health Commissioner govern the Board. Consistent with the provisions of Ohio Revised Code Section 3709.36, the Board is a legally separate organization. Among its various duties, the Board provides for the prompt diagnosis and control of communicable diseases. The Board may also inspect businesses where food is manufactured, handled, stored, or offered for sale. The Board is operated by a board with all members being appointed by the City. The rates charged by the Board are subject to the approval of City Council. In addition, the City provides funding to the Board, thus the City can impose will on the Board, and the Board imposes a financial burden to the City. Therefore, the Board of Health is considered a discretely presented component unit of the City of Norwood.

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure the financial statements are not misleading. The City of Norwood Board of Health consists of all funds, departments, boards, and agencies that are not legally separate from the Board.

Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable for an organization if the Board appoints a voting majority of the organization's governing board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access the organization's resources; the Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the Board in that the Board approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Board. There were no component units of the Board in 2019.

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

### **Note 2 – Summary of Significant Accounting Policies**

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described as follows.

#### ***Basis of Presentation***

The Board's basic financial statements consist of government-wide statements, including a statement of net position and a 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 Board as a whole.

## City of Norwood Board of Health, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

The statement of net position presents the financial condition of the Board at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Board's activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues 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 interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental program is self-financing or draws from the general revenues of the Board.

**Fund Financial Statements** During the year, the Board segregates transactions related to certain Board functions or activities in a single governmental fund in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Board's has two major funds: the General Fund and the Grant Special Revenue Fund.

### **Fund Accounting**

The Board 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. All of the Board's funds are governmental funds.

Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following is the Board's major governmental fund:

**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 Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Grant Fund** The grant fund accounts for and reports restricted contributions and grant monies derived from federal, State and local sources that are only available for specific purposes.

### **Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Board are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.



## City of Norwood Board of Health, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

### ***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

***Revenues – Exchange and Non-exchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Board, available means expected to be received within thirty-one days of year end.

Non-exchange transactions, in which the Board receives value without directly giving equal value in return, include grants. Revenue from grants are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services and grants.

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

### ***Estimates***

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### ***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

## City of Norwood Board of Health, Ohio

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

### *Net Position*

Net position represents the difference between all other elements on the statement of financial position. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Board's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### *Fund Balance*

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

***Non-spendable*** The Board classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact. The "not in spendable form" includes items that are not expected to be converted to cash.

***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 Board 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*.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications.

The Board 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 – Transfer of Operations**

Consistent with the provisions of Ohio Revised Code Section 3709.36, the City of Norwood's Board of Health was reorganized as a legally separate organization rather than continuing to operate as a department of the City. This change was effective January 1, 2019, and is being accounted for as a transfer of operations in 2019. The Board is reported as a discretely presented component unit of the City of Norwood (See Note 1).

**City of Norwood Board of Health, Ohio**

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

The amounts recognized as of the effective date of the transfer are:

	<u>General Fund</u>	<u>Grant Fund</u>	<u>Total</u>
Fund Balance at January 1, 2019	\$0	\$0	\$0
Adjustments:			
Assets	0	217,501	217,501
Liabilities	0	(3,135)	(3,135)
Total Adjusted Fund Balance at January 1, 2019	<u>\$0</u>	<u>\$214,366</u>	<u>\$214,366</u>
Adjusted Fund Balance at January 1, 2019			
Unassigned (Deficit)	<u>\$0</u>	<u>\$214,366</u>	<u>\$214,366</u>

	<u>Board of Health at 1/1/19</u>
<b>Assets</b>	
Current and Other Assets	\$217,501
<b>Liabilities</b>	
Current Liabilities	<u>\$3,135</u>
<b>Net Position</b>	
Unrestricted	<u>\$214,366</u>

**Note 4 – Fund Balances**

Fund balances are classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the government funds. At year end, the general fund had an unassigned fund balance of (\$947). Also at year end, the grant fund had a restricted fund balance of \$196,426.

**Note 5 – Deposits and Investments**

The City of Norwood’s Auditor’s Office is custodian for the Board’s deposits. The City’s deposit and investment pool holds the Board’s assets, valued at the City Auditor’s reported carrying amount.

**Note 6 – Risk Management**

*Casualty Coverage*

The Board is covered under the City of Norwood’s insurance coverage. During 2019, the City contracted with USI Insurance Services for various types of insurance

**City of Norwood Board of Health, Ohio**

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2019

**Note 7 – Contingencies**

*Grants*

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

**Note 8 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Health Department. The impact of the Department's future operating costs, revenues, and any recovery from the emergency funding, either federal or state, cannot be determined.

# 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

City of Norwood Board of Health  
Hamilton County  
2059 Sherman Avenue  
Norwood, Ohio 45212

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and each major fund of the City of Norwood Board of Health, Hamilton County, (the Board) as of and for the year ended December, 31, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated September 25, 2020. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. We consider finding 2019-002 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-001 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-001.

***Board's Response to Findings***

The Board's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Board's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

September 25, 2020

**CITY OF NORWOOD BOARD OF HEALTH  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING 2019-001**

**Noncompliance and Significant Deficiency – Board Minutes**

**Ohio Rev. Code § 121.22 (C)** imposes a duty on the Board to maintain a full and accurate record of their proceedings. Minutes of meetings must be promptly recorded and open for public inspection.

The Board did not prepare minutes for its meetings during 2019.

Board minutes are the official record of meetings held and actions taken by the Board. The minutes should include all actions taken by the Board during the meeting and reflect an accurate record of all actions affecting the financial condition of the Health Department including expenditures, revenues, and changes in officials or personnel. Failure to prepare minutes restricts the public's access to Board meetings and actions taken, and could lead to errors and/or irregularities going undetected in a timely manner.

The Board should establish and implement policies and procedures for the preparation of minutes promptly after each meeting and make the minutes available for public inspection.

**Officials' Response:**

The Board of Health for the Norwood City Health Department will review requirements for Board of Health minutes to verify they include all actions taken by the Board during the meeting that they are an accurate record of all actions affecting the financial condition of the health department including expenditures, revenues, and changes in officials or personnel. Procedures for the preparation of minutes and availability for public inspection will be reviewed.

**FINDING 2019-002**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Term of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; the 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. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Due to deficiencies in the Board's internal controls over financial reporting, the following conditions related to the Board's financial statements and accounting records were identified:

- Licenses, Permits and Fees receipts totaling \$82,853 in the Grants Fund were incorrectly classified as Intergovernmental receipts.
- Intergovernmental receipts totaling \$8,355 in the Grants Fund were incorrectly classified as Donations and Contributions receipts.

**FINDING 2019-002  
(Continued)**

- Assigned Fund Balance totaling \$3,750 in the General Fund for outstanding encumbrances was incorrectly classified as Unrestricted Fund Balance.

The Board corrected the financial statements.

The Board did not have procedures in place for effective monitoring of the Board's financial activity, and the accuracy of accounting and financial reporting. It is important that the Board take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and financial statement preparation. The Board officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

**Officials' Response:**

The Board of Health for the Norwood City Health Department will update procedures for effective monitoring of the Board's financial activity, and the accuracy of accounting and financial reporting. The Board of Health will establish procedures to review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.



# OHIO AUDITOR OF STATE KEITH FABER



**NORWOOD CITY HEALTH DEPARTMENT**

**HAMILTON 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 10/20/2020**

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](http://www.ohioauditor.gov)