



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BROWN COUNTY DISTRICT BOARD OF HEALTH  
BROWN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types FYE 12/31/20 .....	3
Notes to the Financial Statements FYE 12/31/20.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types FYE 12/31/19 .....	11
Notes to the Financial Statements FYE 12/31/19.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Findings.....	21
Summary Schedule of Prior Audit Findings (Prepared by Management) .....	25

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Brown County District Board of Health  
Brown County  
826 Mount Orab Pike  
Georgetown, Ohio 45121

To the Board:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Brown County District Board of Health, Brown County, Ohio (the District).

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

### ***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 District'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 District'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.

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

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above 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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 9 to the 2019 financial statements and Note 11 to the 2020 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 November 19, 2021, 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. 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 District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
November 19, 2021

**Brown County District Board of Health**

*Brown County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Governmental Fund Types*

*For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Charges for Service:	\$316,635	\$7,827	324,462
Fines, Licenses and Permits	101,635	144,223	245,858
Intergovernmental	199,061	623,859	822,920
Miscellaneous	6,205	2,000	8,205
<i>Total Cash Receipts</i>	<u>623,536</u>	<u>777,909</u>	<u>1,401,445</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	224,942	192,859	417,801
Fringe Benefits	100,773	38,779	139,552
Supplies	74,654	381	75,035
Remittances to State	121,678	12,474	134,152
Equipment	10,071	118	10,189
Contract Services	56,324	11,825	68,149
Travel	5,582	6,314	11,896
Other	34,813	159,640	194,453
<i>Total Cash Disbursements</i>	<u>628,837</u>	<u>422,390</u>	<u>1,051,227</u>
<i>Net Change in Fund Cash Balances</i>	(5,301)	355,519	350,218
<i>Fund Cash Balances, January 1</i>	<u>714,023</u>	<u>288,670</u>	<u>1,002,693</u>
<i>Fund Cash Balances, December 31</i>	<u>\$708,722</u>	<u>\$644,189</u>	<u>\$1,352,911</u>

*See accompanying notes to the basic financial statements*

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# Brown County District Board of Health

*Brown County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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## **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Brown County District Board of Health, Brown 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, inspections, and public health nursing services, and the District issues health-related licenses and permits.

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

## **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:

***Food Service Fund*** This fund received receipts for licenses and inspections of food service operations.

***Sewage Fund*** This fund receives receipts for inspections and permits for household sewage treatment systems. Additionally, in 2020 the District received/expended \$92,069.50 in OEPA home sewage treatment system grant funds as a pass-through agency.

***Public Health Emergency Preparedness (PHEP) Grant Fund*** This fund receives grant funds from the state to provide for the establishment of public health preparedness infrastructure to protect the county for disease outbreaks, bioterrorism and other health related emergencies.

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

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a

**Brown County District Board of Health**

*Brown County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 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.

***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 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.

**Brown County District Board of Health**

*Brown County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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**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 – Compliance**

Contrary to Ohio law, appropriation authority exceeded official estimated resources in the Sewage Treatment fund by \$222,040 for the year ended December 31, 2020.

**Note 4 – Budgetary Activity**

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

Fund Type	2020 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$618,178	\$623,536	\$5,358
Special Revenue	689,088	777,909	88,821
Total	<u>\$1,307,266</u>	<u>\$1,401,445</u>	<u>\$94,179</u>

**Brown County District Board of Health**

*Brown County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$678,788	\$653,244	\$25,544
Special Revenue	1,033,911	572,146	461,765
Total	<u>\$1,712,699</u>	<u>\$1,225,390</u>	<u>\$487,309</u>

**Note 5 – Deposits and Investments**

As required by the Ohio Revised Code, the Brown 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 6 – Intergovernmental Funding**

***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.

Beginning in 2010, the County Commissioners began serving as a special taxing authority for a special assessment outside the ten-mill limitation to provide the District with sufficient funds for health programs. The assessment generated \$137,000 in 2020. The financial statements present these amounts as intergovernmental receipts.

**Note 7 – Risk Management**

The District falls under the property and liability coverage of the Brown County Commissioners through the County Risk Sharing Authority (CORSA). The District pays their portion of the insurance to the Brown County Commissioners. The District, through the Brown County Commissioners, also provide health insurance coverage to full time employees through a private carrier.

**Note 8 – 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.

**Brown County District Board of Health**

*Brown County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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

**Note 9 – Postemployment Benefits**

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

**Note 10 – Fund Balances**

Included in fund balance are amounts the District cannot spend. 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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$0	\$0	\$0
Corpus	0	0	0
Outstanding Encumbrances	24,406	149,756	174,162
Total	\$24,406	\$149,756	\$174,162

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. 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.

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**Brown County District Board of Health***Brown County**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2019*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Charges for Service:	\$422,112	\$10,581	432,693
Fines, Licenses and Permits	112,642	151,307	263,949
Intergovernmental	209,236	324,172	533,408
Miscellaneous	900	1,300	2,200
<i>Total Cash Receipts</i>	<u>744,890</u>	<u>487,360</u>	<u>1,232,250</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	228,734	148,645	377,379
Fringe Benefits	97,582	32,764	130,346
Supplies	132,935	4,955	137,890
Remittances to State	79,500	12,174	91,674
Equipment	2,179	0	2,179
Contract Services	61,362	14,276	75,638
Travel	11,458	7,626	19,084
Other	41,805	208,137	249,942
<i>Total Cash Disbursements</i>	<u>655,555</u>	<u>428,577</u>	<u>1,084,132</u>
<i>Net Change in Fund Cash Balances</i>	89,335	58,783	148,118
<i>Fund Cash Balances, January 1</i>	<u>624,688</u>	<u>229,887</u>	<u>854,575</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	288,670	288,670
Committed	18,877	0	18,877
Assigned	16,226	0	16,226
Unassigned	678,920	0	678,920
<i>Fund Cash Balances, December 31</i>	<u>\$714,023</u>	<u>\$288,670</u>	<u>\$1,002,693</u>

*See accompanying notes to the basic financial statements*

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## **Brown County District Board of Health**

*Brown County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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### **Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Brown County District Board of Health, Brown 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, inspections, and public health nursing services, and the District issues health-related licenses and permits.

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

### **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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***Food Service Fund*** This fund received receipts for licenses and inspections of food service operations.

***Sewage Fund*** This fund receives receipts for inspections and permits for household sewage treatment systems. Additionally, in 2019 the District received/expended \$182,927.50 in OEPA home sewage treatment system grant funds as a pass-through agency.

***Public Health Emergency Preparedness (PHEP) Grant Fund*** This fund receives grant funds from the state to provide for the establishment of public health preparedness infrastructure to protect the county for disease outbreaks, bioterrorism and other health related emergencies.

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

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a

**Brown County District Board of Health**

*Brown County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

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

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

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

***Encumbrances*** The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***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.

**Brown County District Board of Health**

*Brown County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

**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*.

**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, 2019, follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$645,465	\$744,890	\$99,425
Special Revenue	588,846	487,360	(101,486)
Total	<u>\$1,234,311</u>	<u>\$1,232,250</u>	<u>(\$2,061)</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$689,352	\$671,781	\$17,571
Special Revenue	446,036	431,571	14,465
Total	<u>\$1,135,388</u>	<u>\$1,103,352</u>	<u>\$32,036</u>

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Brown 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.

**Brown County District Board of Health**

*Brown County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 5 – Intergovernmental Funding**

***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.

Beginning in 2010, the County Commissioners began serving as a special taxing authority for a special assessment outside the ten-mill limitation to provide the District with sufficient funds for health programs. The assessment generated \$137,000 in 2019. The financial statements present these amounts as intergovernmental receipts.

**Note 6 – Risk Management**

The District falls under the property and liability coverage of the Brown County Commissioners through the County Risk Sharing Authority (CORSA). The District pays their portion of the insurance to the Brown County Commissioners. The District, through the Brown County Commissioners, also provide health insurance coverage to full time employees through a private carrier.

**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 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

**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 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

**Brown County District Board of Health**

*Brown County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 9 – 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. 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.

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# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
(513) 361-8550 or (800) 368-7419  
SouthwestRegion@ohioauditor.gov

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

Brown County District Board of Health  
Brown County  
826 Mount Orab Pike  
Georgetown, Ohio 45121

To the Board:

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 cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Brown County District Board of Health, Brown County, (the District) and have issued our report thereon dated November 19, 2021, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

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

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 District's internal control. Accordingly, we have not opined on it.

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 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 District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. 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 2020-002.

***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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
November 19, 2021



**BROWN COUNTY DISTRICT BOARD OF HEALTH  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**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.

We identified the following conditions related to the above criteria:

2019:

- Special Revenue Beginning Fund Balance was overstated by \$284,551 and General Fund Beginning Fund Balance was understated by \$301,698.
- Miscellaneous Receipts in the General Fund were overstated by \$45,414.
- Charges for Services Receipts in the General Fund were overstated by \$6,278.
- Intergovernmental Receipts in the General Fund were understated by \$56,493.
- Intergovernmental Receipts in the Special Revenue Funds were understated by \$234.
- Salaries Disbursements in the General Fund were understated by \$2,395.
- Salaries Disbursements in the Special Revenue Funds were overstated by \$781.
- Fund balances were not classified in accordance with GASB 54 (GASB Codification 1800.165-179). General Fund Ending Fund Balance of \$714,023 should be classified as \$18,877 Committed (Wellness Fund balance), \$16,226 Assigned (outstanding encumbrances) and the remaining \$678,920 as Unassigned. Special Revenue Funds Ending Fund Balance of \$288,670 should be classified as Restricted.
- While the total ending fund balance reported on the financial statement was correct, the statement did not properly foot to that total.
- Budgeted Receipts and Expenditures for the General and Special Revenue Funds were incorrectly reported in the budgetary activity footnote.

2020:

- Miscellaneous Receipts in the General Fund were overstated by \$37,343.
- Charges for Services Receipts in the General Fund were overstated by \$9,916.
- Intergovernmental Receipts in the General Fund were understated by \$47,259.
- Intergovernmental Receipts in the Special Revenue Funds were overstated by \$13,023.

**FINDING NUMBER 2020-001  
(Continued)**

- Salaries Disbursements in the General Fund were overstated by \$24,139.
- Salaries Disbursements in the Special Revenue Funds were understated by \$1,228.
- Special Revenue Beginning Fund Balance was overstated by \$283,769 and General Fund Beginning Fund Balance was understated by \$299,303.
- While the total ending fund balance reported on the financial statement was correct, the statement did not properly foot to that total.
- Budgeted Receipts and Expenditures for the General and Special Revenue Funds were incorrectly reported in the budgetary activity footnote.
- The required Fund Balance footnote disclosure was omitted.

The financial statements, accounting system and footnotes have been adjusted for these errors, where applicable.

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

We recommend the District review controls over financial statement preparation and due care be exercised when posting entries to the financial records and in financial statement preparation.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2020-002**

**Material Noncompliance**

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2020 the District's appropriations exceeded the amount certified as available by the budget commission in the Sewage Treatment fund (fund 2610) by \$222,040.

Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the District's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

**FINDING NUMBER 2020-002  
(Continued)**

The District should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the District should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board to reduce the appropriations.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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## Brown County Health Department

826 Mt Orab Pike, Georgetown, OH 45121

[www.browncountyhealth.org](http://www.browncountyhealth.org)

Health Commissioner: Kyle D. Arn, MS, RS

Our mission is to protect and improve the health of Brown County residents by providing preventive services, ensuring healthy environments and promoting healthy lifestyles.

PHONE: 937.378.6892 | TOLL FREE: 866.867.6892 | FAX: 937.378.4301 | MON-FRI 8AM - 4:30PM

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Internal Controls Related to Financial Reporting	Not Corrected	Repeated as Finding 2020-001



# OHIO AUDITOR OF STATE KEITH FABER



**BROWN COUNTY DISTRICT BOARD OF HEALTH**

**BROWN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/30/2021**

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)