



**MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

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Marietta, OH 45750
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Health
Morrow County District Board of Health
619 West Marion Road, Suite B
Mt. Gilead, Ohio 43338

We have reviewed the *Independent Auditor's Report* of the Morrow County District Board of Health, Morrow County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 03, 2021

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MORROW COUNTY DISTRICT BOARD OF HEALTH

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020	3
Notes to the Financial Statements For the Year Ended December 31, 2020	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019	10
Notes to the Financial Statements For the Year Ended December 31, 2019	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Audit Findings	19
Schedule of Prior Audit Findings	20

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INDEPENDENT AUDITOR'S REPORT

September 24, 2021

Morrow County District Board of Health
Morrow County
619 West Marion Road, Suite B
Mt. Gilead, Ohio 43338

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ending December 31, 2020 and 2019, and related notes of **Morrow County District Board of Health**, Morrow 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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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, or 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 years ending December 31, 2020 and 2019, and related notes of Morrow County District Board of Health, Morrow County, 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 Matters

As discussed in Note 14 in 2020 and Note 12 in 2019 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. As discussed in Note 13 to the 2020 financial statements, the District made several changes to its reporting model. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MORROW COUNTY GENERAL HEALTH DISTRICT
MORROW 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)
Cash Receipts			
Property Taxes	\$ 383,509	\$ -	\$ 383,509
Federal Awards	7,000	583,378	590,378
Intergovernmental	212,529	63,547	276,076
Investment Income	3,926	-	3,926
Permits	-	108,848	108,848
Other Fees	78,848	40,493	119,341
Licenses	4,696	84,216	88,912
Fines	-	926	926
Contractual Services	43,635	-	43,635
Miscellaneous	16,537	4,900	21,437
<i>Total Cash Receipts</i>	<u>750,680</u>	<u>886,308</u>	<u>1,636,988</u>
Cash Disbursements			
Salaries	314,487	306,526	621,013
Fringe Benefits	129,471	72,109	201,580
Supplies	55,403	9,379	64,782
Remittance to State	105,778	93,459	199,237
Equipment	7,588	28,878	36,466
Contracts-Services	64,787	17,296	82,083
Travel	4,544	8,569	13,113
Printing & Advertising	639	290	929
Other	86	22,410	22,496
<i>Total Cash Disbursements</i>	<u>682,783</u>	<u>558,916</u>	<u>1,241,699</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>67,897</u>	<u>327,392</u>	<u>395,289</u>
Other Financing Receipts (Disbursements)			
Reimbursements	12,648	-	12,648
Advances In	-	22,000	22,000
Advances Out	(22,000)	-	(22,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(9,352)</u>	<u>22,000</u>	<u>12,648</u>
<i>Net Change in Fund Cash Balances</i>	58,545	349,392	407,937
<i>Fund Cash Balances, January 1</i>	<u>202,888</u>	<u>223,733</u>	<u>426,621</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 261,433</u>	<u>\$ 573,125</u>	<u>\$ 834,558</u>

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

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Morrow County District Board of Health, Morrow 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, tuberculosis screenings, home visits, public health nursing services and issues, health-related licenses and permits, emergency preparedness activities as well as birth certificates and death certificates.

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, which is 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 to disbursement for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund:

Food Service Fund This fund receives revenue from food service operations in the form of licenses and fines to maintain food service establishments. These monies are used by the District to cover staff expenses and supplies.

Sewage Fund Money is receipted into this fund for septic related registrations; permits; and fees associated with onsite household sewage treatment systems & the maintenance of those systems. As building in Morrow County has increased, so has the number of permits issued & systems identified. Fees have been established to address the complexity and oversight of the program.

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 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.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. The County Budget Commission must also approve the annual appropriation measure. 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 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.

Interfund Transactions

During the course of normal operations, the District occasionally has transactions between funds. These normally include transfers and advances of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Advances are temporary loans to other funds which will ultimately be repaid.

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.

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.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 13.

NOTE 3 - BUDGETARY ACTIVITY

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 768,427	\$ 763,328	\$ (5,099)
Special Revenue	852,232	908,308	56,076
Total	\$ 1,620,659	\$ 1,671,636	\$ 50,977

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 886,381	\$ 717,240	\$ 169,141
Special Revenue	978,157	669,788	308,369
Total	\$ 1,864,538	\$ 1,387,028	\$ 477,510

NOTE 4 - DEPOSITS AND INVESTMENTS

As required by the Ohio Revised Code, the Morrow 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

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.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 - INTERGOVERNMENTAL FUNDING AND PROPERTY TAXES - (Continued)

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.

Public utilities are also taxed on personal and real property located within the taxing district.

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

NOTE 6 - INTERFUND BALANCES

Outstanding advances at December 31, 2020 consist of amounts advanced from the General Fund to provide working capital for operations. The interfund balances are as follows:

<u>Fund</u>	<u>Amount</u>
Immunization Action Plan	\$ 10,000
COVID-19 Emergency	5,000
COVID-19 Contact Tracing	17,000
CD&D Landfill	72,500

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District is a member of the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP assumes the risk of losses up to the limits of the District's policy. PEP covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

PEP reported the following summary of actuarially-measured liabilities and assets available to pay those liabilities as of December 31, 2020:

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	14,111,510

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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. For 2020 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, 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 - CONTINGENT LIABILITIES

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

NOTE 11 - OHIO DEPARTMENT OF HEALTH FUNDS

During the year ended December 31, 2020, the District received federal funding passed through the Ohio Department of Health as follows:

Federal Grantor	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services
CFDA Number	93.069	93.217	93.268	93.354
Grant Title	Public Health Emergency Preparedness	Reproductive Health and Wellness	Get Vaccinated Ohio - Public Health Initiative	Coronavirus Response
Project Number(s)	05910012PH1120 05910012PH1121	05910011RH0420 05910011RH0521	05910012GVO0120	05910012CO0120
Federal Receipts	\$ 117,135	\$ 65,034	\$ 30,439	\$ 41,500
Federal Grantor	U.S. Department of the Treasury CARES Act - Coronavirus Relief Funds	U.S. Department of the Treasury CARES Act - Coronavirus Relief Funds	U.S. Department of the Treasury CARES Act - Coronavirus Relief Funds	
CFDA Number	21.019	21.019	21.019	
Grant Title	Coronavirus Response Supplemental	COVID-19 Contact Training	COVID-19 Vaccine Needs Assessment	
Project Number(s)	05910012CO0121	05910012CT0120	05910012VN0121	
Federal Receipts	\$ 217,823	\$ 95,049	\$ 20,000	

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - FUND BALANCES

Fund balances may include money that the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 12,457	\$ 110,872	\$ 123,329
Total	\$ 12,457	\$ 110,872	\$ 123,329

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

Note 13 – CHANGE IN ACCOUNTING PRINCIPLE

For 2020, the District has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

NOTE 14 - 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 impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**MORROW COUNTY GENERAL HEALTH DISTRICT
MORROW 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)
Cash Receipts			
Property Taxes	\$ 364,362	\$ -	\$ 364,362
Federal Awards	-	97,435	97,435
Intergovernmental	151,360	45,369	196,729
Investment Income	4,457	-	4,457
Permits	4,452	116,617	121,069
Other Fees	142,675	29,776	172,451
Licenses	-	81,645	81,645
Fines	-	548	548
Contractual Services	104,068	-	104,068
Miscellaneous	4,518	1,808	6,326
<i>Total Cash Receipts</i>	<u>775,892</u>	<u>373,198</u>	<u>1,149,090</u>
Cash Disbursements			
Salaries	408,976	237,850	646,826
Fringe Benefits	158,461	71,158	229,619
Supplies	61,613	7,940	69,553
Remittance to State	80,660	35,051	115,711
Equipment	3,550	679	4,229
Contracts-Services	78,950	13,555	92,505
Travel	8,672	9,655	18,327
Printing & Advertising	278	1,369	1,647
Other	124	1,101	1,225
<i>Total Cash Disbursements</i>	<u>801,284</u>	<u>378,358</u>	<u>1,179,642</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,392)</u>	<u>(5,160)</u>	<u>(30,552)</u>
Other Financing Receipts (Disbursements)			
Reimbursements	32,719	-	32,719
Advances In	-	10,000	10,000
Advances Out	(10,000)	-	(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>22,719</u>	<u>10,000</u>	<u>32,719</u>
<i>Net Change in Fund Cash Balances</i>	<u>(2,673)</u>	<u>4,840</u>	<u>2,167</u>
<i>Fund Cash Balances, January 1</i>	<u>205,561</u>	<u>218,893</u>	<u>424,454</u>
Fund Cash Balances, December 31			
Restricted	-	223,733	223,733
Assigned	36,978	-	36,978
Unassigned	165,910	-	165,910
<i>Fund Cash Balances, December 31</i>	<u>\$ 202,888</u>	<u>\$ 223,733</u>	<u>\$ 426,621</u>

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

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
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 Morrow County District Board of Health, Morrow 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, tuberculosis screenings, home visits, public health nursing services and issues, health-related licenses and permits, emergency preparedness activities as well as birth certificates and death certificates.

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

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Food Service Fund This fund receives revenue from food service operations in the form of licenses and fines to maintain food service establishments. These monies are used by the District to cover staff expenses and supplies.

Sewage Fund Money is receipted into this fund for septic related registrations; permits; and fees associated with onsite household sewage treatment systems & the maintenance of those systems. As building in Morrow County has increased, so has the number of permits issued & systems identified. Fees have been established to address the complexity and oversight of the program.

Basis of Accounting

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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.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. The County Budget Commission must also approve the annual appropriation measure. 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.

Interfund Transactions

During the course of normal operations, the District occasionally has transactions between funds. These normally include transfers and advances of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Advances are temporary loans to other funds which will ultimately be repaid.

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.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when disbursements 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 disbursements 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	\$ 788,701	\$ 808,611	\$ 19,910
Special Revenue	343,512	383,198	39,686
Total	\$ 1,132,213	\$ 1,191,809	\$ 59,596

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 897,861	\$ 848,262	\$ 49,599
Special Revenue	459,661	395,054	64,607
Total	\$ 1,357,522	\$ 1,243,316	\$ 114,206

NOTE 4 - DEPOSITS AND INVESTMENTS

As required by the Ohio Revised Code, the Morrow 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.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5 - INTERGOVERNMENTAL FUNDING AND PROPERTY TAXES

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.

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.

Public utilities are also taxed on personal and real property located within the taxing district.

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

NOTE 6 - INTERFUND BALANCES

Outstanding advances at December 31, 2019 consisted of \$10,000 advanced from the General Fund to the Immunization Action Plan Fund to provide working capital for operations and \$72,500 advanced from the General Fund to the CD&D Landfill Fund to provide capital for landfill startup.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District is a member of the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP assumes the risk of losses up to the limits of the District's policy. PEP covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

PEP reported the following summary of actuarially-measured liabilities and assets available to pay those liabilities as of December 31, 2019:

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	14,705,917

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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. For 2019 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, 2019.

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 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.

NOTE 10 - CONTINGENT LIABILITIES

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

NOTE 11 – OHIO DEPARTMENT OF HEALTH FUNDS

During the year ended December 31, 2019, the District received federal funding passed through the Ohio Department of Health as follows:

Federal Grantor	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services
CFDA Number	93.074	93.994	93.217	93.268
Grant Title	Public Health Emergency Preparedness	Reproductive Health and Wellness	Reproductive Health and Wellness	Get Vaccinated Ohio - Public Health Initiative
Project Number(s)	059100PH1019 059100PH1020	05910011RH0319	05910011RH0319	05910012GV00120
Federal Receipts	\$ 67,400	\$ 4,350	\$ 6,021	\$ 18,229

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Note 12 – 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 Library. The Library'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 Library's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



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740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
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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**

September 24, 2021

Morrow County District Board of Health
Morrow County
619 West Marion Road, Suite B
Mt. Gilead, Ohio 43338

To the Board of Trustees:

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 by fund type of **Morrow County District Board of Health**, Morrow County, (the District) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, and have issued our report thereon dated September 24, 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, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District, and that the District made several changes to its reporting model.

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 audit findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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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 statements. 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 communication is not suitable for any other purpose

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2020-001

Material Weakness

Financial Reporting

The District is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting.

During 2020 and 2019, receipts and fund balances were not always posted or classified correctly. The following posting errors were noted:

- In 2019, \$94,447 of Intergovernmental receipts from the Ohio Department of Health were recorded as Contractual Service revenue. In 2020, \$114,894 of Intergovernmental receipts from the Ohio Department of Health were improperly recorded as Contractual Service revenue; and
- In 2019, a fund balance adjustment of \$534 between the General Fund and Food Service from a prior period audit adjustment was recorded in the accounting system, however, was not properly carried forward on the financial statements.

Not posting receipts or presenting fund balances accurately resulted in the financial statements requiring reclassifications and adjusting entries. The financial statements reflect all reclassifications and adjustments. The District has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

Management's Response – Officials did not provide a response to this finding.

**MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting	Not Corrected	Repeated as Finding 2020-001
2018-002	Ohio Revised Code 5705.39	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



MORROW COUNTY DISTRICT BOARD OF HEALTH

MORROW 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 11/16/2021

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