



OHIO AUDITOR OF STATE
KEITH FABER



**PUTNAM COUNTY DISTRICT BOARD OF HEALTH
PUTNAM COUNTY
DECEMBER 31, 2020 AND 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Putnam County District Board of Health
Putnam County
256 East Williamstown Road
Ottawa, Ohio 45875-1870

To the Board of Health:

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 Putnam County District Board of Health, Putnam 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.

Efficient • Effective • Transparent

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 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 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 13 to the 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 August 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

August 19, 2021

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**PUTNAM COUNTY DISTRICT BOARD OF HEALTH
PUTNAM 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:			
Local Taxes	\$415,916		\$415,916
Intergovernmental	260,049	\$875,505	1,135,554
Immunizations	382,325		382,325
Fees and Permits	55,468	198,401	253,869
Other Fees		169,293	169,293
Contractual Services	42,831	6,118,822	6,161,653
Donations	877		877
Other Receipts	18,540	70,863	89,403
<i>Total Cash Receipts</i>	<u>1,176,006</u>	<u>7,432,884</u>	<u>8,608,890</u>
Cash Disbursements:			
Current:			
Health:			
Salaries	310,474	2,730,519	3,040,993
Supplies	245,904	954,142	1,200,046
Remittances to State	26,610	14,785	41,395
Equipment	3,700	121,493	125,193
Contracts - Services	55,662	1,450,843	1,506,505
Rentals		55,533	55,533
Travel	2,359	143,981	146,340
Continuing Education/Dues/Licenses	2,741	41,491	44,232
Advertising and Printing	216	64,689	64,905
Public Employee's Retirement	84,113	323,624	407,737
Fringes	170,049	438,925	608,974
Other	32,853	45,247	78,100
<i>Total Cash Disbursements</i>	<u>934,681</u>	<u>6,385,272</u>	<u>7,319,953</u>
<i>Excess of Receipts Over Disbursements</i>	<u>241,325</u>	<u>1,047,612</u>	<u>1,288,937</u>
Other Financing Receipts (Disbursements)			
Transfers In		200,000	200,000
Transfers Out		(200,000)	(200,000)
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	241,325	1,047,612	1,288,937
<i>Fund Cash Balances, January 1</i>	<u>715,300</u>	<u>4,231,929</u>	<u>4,947,229</u>
<i>Fund Cash Balances, December 31</i>	<u>\$956,625</u>	<u>\$5,279,541</u>	<u>\$6,236,166</u>

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

Putnam County District Board of Health
Putnam County
Notes to the 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 Putnam County District Board of Health, Putnam County, Ohio (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, public health nursing services, homecare services, hospice and palliative care, public health nursing services, and issues health-related licenses and permits.

Jointly Governed Organization and Public Entity Risk Pool

The District participates in a jointly governed organization, the Public Health Services Council of Ohio, and a public entity risk pool, the Public Entities Pool of Ohio (PEP). Notes 7 and 8 to the financial statements provide additional information for these entities. 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 Fund:

Hospice Fund This fund receives fees for providing home nursing services to elderly and homebound persons.

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.

Putnam County District Board of Health
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(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. 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.

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.

Putnam County District Board of Health
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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 12.

Note 3 – Compliance

Contrary to Ohio Rev. Code § 5705.10(D), the District recorded grant receipts and disbursements in the wrong fund.

Note 4 – 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	\$1,121,323	\$1,176,006	\$54,683
Special Revenue	7,173,415	7,632,884	459,469
Total	\$8,294,738	\$8,808,890	\$514,152

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,686,533	\$1,040,715	\$645,818
Special Revenue	8,686,772	6,671,746	2,015,026
Total	\$10,373,305	\$7,712,461	\$2,660,844

Note 5 – Deposits and Investments

As required by the Ohio Revised Code, the Putnam 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 and Property Taxes

Intergovernmental Funding

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

Putnam County District Board of Health
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Property Taxes

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

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 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 County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan.

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

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

The District also provides health insurance to full-time Health Department employees through a private carrier.

Note 8 – Jointly Governed Organization

The District is a member of the Public Health Services Council of Ohio (the Council). The Council is a jointly governed organization created under the provisions of Chapter 167 of the Ohio Revised Code formed to coordinate the powers and duties of the member Boards to better serve and benefit public health in each of the Council's counties.

Putnam County District Board of Health
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

The Council is made up of seven local member Boards of Health in Defiance, Fulton, Henry, Paulding, Putnam, Williams, and Wood Counties. The Council is governed by a Board of Directors consisting of the Health Commissioner (or appointed designee) from each of the participating Boards of Health. Each member County Board may cast a single vote on any Council meeting business that affects the services provided for the member Boards. Each member Board provides resources to the Council based on a membership fee and any participating County can individually elect to purchase services from the Council. The Board of Directors exercise total control over the operation of the Council including budgeting, contracting, purchasing, and designating management. The Council has retained the Mid East Ohio Regional Council (MEORC) to perform fiscal responsibilities for the Council. The District has no ongoing financial interest or responsibility for the Council. In 2020, the District paid membership dues of \$5,000 to the Council. Financial information can be obtained from Cathy Henthorn, Director of Financial Operations of MEORC, 1 Avalon Road, Mount Vernon, Ohio 43050.

Note 9 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

District 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, 2020.

Note 10 – 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 11 – 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 12 – Fund Balances

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
Outstanding Encumbrances	\$106,034	\$86,474	\$192,508

Putnam County District Board of Health
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

The fund balance of Special Revenue Funds is either restricted or committed. These restricted and committed amounts in the Special Revenue Funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 13 – 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 may impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 14 – Change in Accounting Principle

For 2020, the District has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**PUTNAM COUNTY DISTRICT BOARD OF HEALTH
PUTNAM 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:			
Local Taxes	\$409,968		\$409,968
Intergovernmental	207,987	\$179,226	387,213
Immunizations	432,916		432,916
Fees and Permits	54,057	121,081	175,138
Other Fees	150	9,397	9,547
Licenses	412	72,365	72,777
Contractual Services	24,295	6,049,859	6,074,154
Donations	130		130
Other Receipts	66,882	159,199	226,081
	<u>1,196,797</u>	<u>6,591,127</u>	<u>7,787,924</u>
<i>Total Cash Receipts</i>			
Cash Disbursements:			
Current:			
Health:			
Salaries	525,273	2,147,103	2,672,376
Supplies	287,589	1,031,027	1,318,616
Remittances to State	26,892	14,422	41,314
Equipment	4,044	18,603	22,647
Contracts - Repair		321	321
Contracts - Services	53,085	1,430,383	1,483,468
Rentals		55,703	55,703
Travel	12,628	177,591	190,219
Continuing Education/Dues/Licenses	9,226	46,002	55,228
Advertising and Printing	1,276	55,191	56,467
Public Employee's Retirement	73,260	316,778	390,038
Fringes	166,422	555,393	721,815
Other	38,080	260,117	298,197
	<u>1,197,775</u>	<u>6,108,634</u>	<u>7,306,409</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(978)</u>	<u>482,493</u>	<u>481,515</u>
Other Financing Receipts (Disbursements)			
Transfers In		410,000	410,000
Transfers Out		(410,000)	(410,000)
		<u></u>	<u></u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	<u>(978)</u>	<u>482,493</u>	<u>481,515</u>
<i>Fund Cash Balances, January 1</i>	<u>716,278</u>	<u>3,749,436</u>	<u>4,465,714</u>
Fund Cash Balances, December 31			
Restricted		203,636	203,636
Committed		4,028,293	4,028,293
Assigned	565,210		565,210
Unassigned	150,090		150,090
	<u>\$715,300</u>	<u>\$4,231,929</u>	<u>\$4,947,229</u>
<i>Fund Cash Balances, December 31</i>			

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

Putnam County District Board of Health
Putnam County
Notes to the 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 Putnam County District Board of Health, Putnam County, Ohio (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, public health nursing services, homecare services, hospice and palliative care, public health nursing services, and issues health-related licenses and permits.

Jointly Governed Organization and Public Entity Risk Pool

The District participates in a jointly governed organization, the Public Health Services Council of Ohio, and a public entity risk pool, the Public Entities Pool of Ohio (PEP). Notes 6 and 7 to the financial statements provide additional information for these entities. 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 Fund:

Hospice Fund This fund receives fees for providing home nursing services to elderly and homebound persons.

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.

Putnam County District Board of Health
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(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. 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.

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.

Putnam County District Board of Health
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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	\$1,196,796	\$1,196,797	\$1
Special Revenue	7,064,701	7,001,127	(63,574)
Total	\$8,261,497	\$8,197,924	(\$63,573)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,444,903	\$1,234,788	\$210,115
Special Revenue	8,586,381	6,527,369	2,059,012
Total	\$10,031,284	\$7,762,157	\$2,269,127

Note 4 – Deposits and Investments

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

Note 5 – Intergovernmental Funding and Property Taxes

Intergovernmental Funding

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

Putnam County District Board of Health
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Property Taxes

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

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 – 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 County Commissioners Association of Ohio Service Corporation, a worker's compensation group rating plan.

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

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

The District also provides health insurance to full-time Health Department employees through a private carrier.

Putnam County District Board of Health
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 7 – Jointly Governed Organization

The District is a member of the Public Health Services Council of Ohio (the Council). The Council is a jointly governed organization created under the provisions of Chapter 167 of the Ohio Revised Code formed to coordinate the powers and duties of the member Boards to better serve and benefit public health in each of the Council's counties. The Council is made up of seven local member Boards of Health in Defiance, Fulton, Henry, Paulding, Putnam, Williams, and Wood Counties. The Council is governed by a Board of Directors consisting of the Health Commissioner (or appointed designee) from each of the participating Boards of Health. Each member County Board may cast a single vote on any Council meeting business that affects the services provided for the member Boards. Each member Board provides resources to the Council based on a membership fee and any participating County can individually elect to purchase services from the Council. The Board of Directors exercise total control over the operation of the Council including budgeting, contracting, purchasing, and designating management. The Council has retained the Mid East Ohio Regional Council (MEORC) to perform fiscal responsibilities for the Council. The District has no ongoing financial interest or responsibility for the Council. In 2019, the District paid membership dues of \$5,000 to the Council. Financial information can be obtained from Cathy Henthorn, Director of Financial Operations of MEORC, 1 Avalon Road, Mount Vernon, Ohio 43050.

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

District 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 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.

Putnam County District Board of Health
Putnam County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 11 – Interfund Transfers

During 2019, the following transfers were made:

<u>Transfer From Hospice Fund To:</u>	<u>Amount</u>
Homemaker Aide	\$10,000
Private Duty Program	<u>400,000</u>
Total Special Revenue Funds	<u>\$410,000</u>

Transfers are used to move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them.

Note 12 – Other Receipts

Other receipts in the General Fund primarily consisted of insurance reimbursements.

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

Putnam County District Board of Health
Putnam County
256 East Williamstown Road
Ottawa, Ohio 45875-1870

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the 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 Putnam County District Board of Health, Putnam County, Ohio (the District) and have issued our report thereon dated August 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 which 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 opinions 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

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.

District's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the 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

August 19, 2021

**PUTNAM COUNTY DISTRICT BOARD OF HEALTH
PUTNAM COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness – Financial Reporting

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. In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 (codified as GASB Cod 1800.165-.179) requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

The following errors were identified in the accompanying financial statements:

- In 2020 and 2019, contractual services were incorrectly classified as fees and permits receipts in the Special Revenue Fund in the amounts of \$6,118,822 and \$6,049,859, respectively.
- In 2020, Budgeted Receipts in the Budgetary Activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted Receipts were overstated in the Special Revenue Fund in the amount of \$2,688,105.
- In 2020, Appropriation Authority in the Budgetary Activity note to the financial statements did not agree to amounts approved by the Board. Appropriation Authority was understated in the General Fund in the amount of \$387,357.
- In 2020, Budgetary Expenditures in the Budgetary Activity note to the financial statements were understated in the General Fund in the amount of \$106,034.
- In 2020, outstanding encumbrances in the Fund Balances note to the financial statements were overstated in the Special Revenue Fund in the amount of \$2,384,130.
- In 2019, General Fund subsequent year appropriations and outstanding encumbrances in excess of estimated receipts were incorrectly classified as unassigned instead of assigned fund balance in the amount of \$368,035.
- In 2019, Budgetary Expenditures in the Budgetary Activity note to the financial statements were understated in the Special Revenue Fund in the amount of \$1,007,145.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements could lead to the District Board making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$200 to \$291,291 that we have brought to the District's attention.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Health Commissioner and District Board, to help identify and correct errors and omissions.

FINDING NUMBER 2020-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The District inappropriately recorded \$447,764 and \$457,038 of CARES Act receipts and disbursements, respectively, in the General Fund in 2020. Given the source of the revenue, this should have been recorded in a separate Special Revenue COVID – Health Department Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting this and other misstatements ranging from \$110 to \$321,952.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The District should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

The District strives to produce complete and accurate financial statements. As a result of this audit, the District now has a better understanding of certain reporting and posting issues and will continue to make improvements where needed.



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“Working towards a healthy and safe Putnam County”

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	This finding was first reported in 2015. Material weakness for not including fund classifications required by GASB 54.	Not corrected and reissued as Finding 2020-001 in this report.	An effort was made to correct errors in the financial statements in regards to GASB 54. The District now has a better understanding of the reporting issues and will continue to make improvements where needed.

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OHIO AUDITOR OF STATE KEITH FABER



PUTNAM COUNTY DISTRICT BOARD OF HEALTH

PUTNAM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/2/2021

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