



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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VAN WERT COUNTY GENERAL HEALTH DISTRICT  
VAN WERT COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Health  
Van Wert County General Health District  
1179 Westwood Drive, Suite 300  
Van Wert, OH 45891

We have reviewed the *Independent Auditor's Report* of Van Wert County General Health District, Van Wert County, prepared by BHM CPA Group, Inc., 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. Van Wert County General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 16, 2021

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**VAN WERT COUNTY GENERAL HEALTH DISTRICT**  
**VAN WERT COUNTY**  
*For the Years Ended December 31, 2020 and 2019*  
*Table of Contents*

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Basic Financial Statements:	
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 Findings.....	19

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**INDEPENDENT AUDITOR'S REPORT**

Van Wert County General Health District  
Van Wert County  
1179 Westwood Drive Suite 300  
Van Wert, Ohio 45891

To the Board:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type 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 Van Wert County General Health District, Van Wert County, Ohio (the District).

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 12 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will 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 July 20, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
July 20, 2021



**VAN WERT COUNTY GENERAL HEALTH DISTRICT  
VAN WERT 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**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Fines, Licenses and Permits	\$ 450	\$ 70,895	\$ 71,345
Intergovernmental	423,223	693,769	1,116,992
Charges for Services	63,000	280,887	343,887
Contractual Services	-	20,336	20,336
Miscellaneous	5,746	12,449	18,195
	<u>492,419</u>	<u>1,078,336</u>	<u>1,570,755</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Salaries	189,177	304,498	493,675
Fringe Benefits	43,343	32,987	76,330
Supplies	12,402	239,464	251,866
Contracts - Service/Repairs	46,104	64,990	111,094
Equipment	28,094	-	28,094
Travel	396	4,917	5,313
Rental	36,000	-	36,000
Other	433	31,901	32,334
Insurance	83,626	-	83,626
State Remittance	32,803	11,080	43,883
Training	5,600	-	5,600
	<u>477,978</u>	<u>689,837</u>	<u>1,167,815</u>
<b>Total Cash Disbursements</b>			
Excess of Receipts Over/(Under) Disbursements	<u>14,441</u>	<u>388,499</u>	<u>402,940</u>
<b>Other Financing Receipts (Disbursements):</b>			
Transfer In	26,878	74,219	101,097
Transfers Out	-	(101,097)	(101,097)
	<u>26,878</u>	<u>(101,097)</u>	<u>(74,219)</u>
<b>Total Other Financing Receipts(Disbursements)</b>			
	<u>26,878</u>	<u>(26,878)</u>	<u>-</u>
<b>Net Change in Fund Cash Balances</b>	<u>41,319</u>	<u>361,621</u>	<u>402,940</u>
Fund Cash Balances, January 1	<u>48,309</u>	<u>51,929</u>	<u>100,238</u>
Fund Cash Balances, December 31	<u>\$ 89,628</u>	<u>\$ 413,550</u>	<u>\$ 503,178</u>

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

# Van Wert County General Health District

*Van Wert County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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## **Note 1 – Summary of Significant Accounting Policies**

The constitution and laws of the State of Ohio establish the rights and privileges of Van Wert County General Health District, Van Wert 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 surveillance and investigation, immunization clinics, inspections, public health nursing services, and issuance of health-related licenses and permits.

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

### ***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:

***Public Home Nursing Services (PHNF) 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.

**Van Wert County General Health District**  
*Van Wert County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***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 2.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

***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.

**Van Wert County General Health District**

*Van Wert County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 2 – 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	\$500,866	\$519,297	\$18,431
Special Revenue	1,022,912	1,152,555	129,643
Total	<u>\$1,523,778</u>	<u>\$1,671,852</u>	<u>\$148,074</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$535,488	\$477,978	\$57,510
Special Revenue	1,061,057	790,934	270,123
Total	<u>\$1,596,545</u>	<u>\$1,268,912</u>	<u>\$327,633</u>

**Van Wert County General Health District**  
*Van Wert County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 3 – Deposits and Investments**

As required by the Ohio Revised Code, the Van Wert 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 4 – Intergovernmental Funding**

***Intergovernmental Funding***

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

**Note 5 – Risk Management**

***Insurance***

The District is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees, and natural disasters. During 2020, the District was part of Van Wert County who contracted with the Midwest Pool Risk Management Agency, Inc. (which is part of the Public Entity Risk Consortium (PERC)) for liability, property and crime insurance (See Note 8).

For 2020, the District's full-time employees were included with the County for worker's compensation. The County participated in the County Commissioner's Association of Ohio Worker's Compensation Group Retro Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance pool (See Note 8).

***Commercial Insurance***

The District has obtained commercial insurance for general liability.

***Self-Insurance***

The District's full-time employees are covered under the County for health insurance. The County is self-insured. The Self Insurance Fund pays covered claims to service providers and recovers these costs from charges to other funds based on a determined cost per employee. The County has stop loss insurance coverage in place to provide protection against catastrophic or unpredictable losses.

**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

**Van Wert County General Health District**

*Van Wert County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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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 7– 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, and 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 8 – Insurance Pools**

***Midwest Pool Risk Management Agency, Inc.***

The Midwest Pool Risk Management Agency, Inc., (the Pool) is an Ohio nonprofit corporation established by five counties for the purpose of establishing a risk-sharing insurance program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by the Pool. Coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials' error and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Pool are managed by an elected board of not more than five trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of the Pool is limited to its voting authority and any representation it may have on the board of trustees. Effective December 1, 2005, the Entity joined a Public Entity Risk Consortium (PERC) (super pool) which consists of seven (7) pool risk groups including the Agency.

***The County Commissioners' Association of Ohio Service Corporation***

Van Wert County participated in the Group Retrospective Rating plan ("Group Retro") which is a performance-based incentive program designed to reward a group of similar employers who are effectively managing safety and workers' comp claims. This reward is in the form of rebates which are based upon the group achieving lower than average claims experience in a given year. Group Retro guidelines are outlined in OAC 4123-17-73 and 68.

Each group is organized through a BWC-certified sponsor who is responsible for screening potential group retro members based upon safety and claims management criteria established by the Group. The group sponsor must provide education and communication to group members on safety and reducing workplace injuries and must submit a safety plan each year to be approved by the BWC.

## Van Wert County General Health District

*Van Wert County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2020*

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Group retrospective rating member employers initially pay their individual experience rated premium to the BWC as if they were not in a retro group. The total of the individual premiums for the group members is the “standard premium” of the group. 12 months after the end of the policy year, the BWC will calculate the group retrospective premium, based upon developed incurred claim losses of the entire group. The BWC will then compare the group retrospective premium to the standard premium. If the retrospective premium is lower than the standard premium, group members will receive a rebate of the difference. If the retrospective premium is higher, each group member will be charged an assessment to cover the shortfall. This calculation is done again at 24 and 36 months, providing a financial incentive for group members to continuously work on safety and claims management.

### **Note 9 – 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 10 – Fund Balances**

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control.

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

### **Note 11 – Change in Accounting Principle**

For 2020, the District has made changes to their cash basis reporting model. These changes include the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

The effect of this change had no effect on the District’s cash balances.

### **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 District. The District’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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VAN WERT COUNTY GENERAL HEALTH DISTRICT  
VAN WERT 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**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Fines, Licenses and Permits	\$ 840	\$ 65,743	\$ -	\$ 66,583
Intergovernmental	399,737	195,480	37,972	633,189
Charges for Services	63,099	322,214	-	385,313
Contractual Services	-	14,990	-	14,990
Miscellaneous	8,216	608	-	8,824
	<u>471,892</u>	<u>599,035</u>	<u>37,972</u>	<u>1,108,899</u>
<b>Cash Disbursements:</b>				
Salaries	200,334	196,619	-	396,953
Fringe Benefits	104,205	20,751	-	124,956
Supplies	7,641	240,956	-	248,597
Contracts - Service/Repairs	40,705	35,968	-	76,673
Equipment	1,859	-	-	1,859
Travel	700	9,326	-	10,026
Rental	36,000	-	-	36,000
Insurance	4,984	-	-	4,984
State Remittance	32,964	9,574	-	42,538
Training	5,600	-	-	5,600
Other	-	44,478	-	44,478
Capital Outlay	-	-	37,972	37,972
Debt Service:				
Principal Payments	-	-	37,972	37,972
	<u>434,992</u>	<u>557,672</u>	<u>75,944</u>	<u>1,068,608</u>
Excess of Receipts Over/(Under) Disbursements	<u>36,900</u>	<u>41,363</u>	<u>(37,972)</u>	<u>40,291</u>
<b>Other Financing Receipts (Disbursements):</b>				
Other Loan Proceeds	-	-	37,972	-
	<u>-</u>	<u>-</u>	<u>37,972</u>	<u>-</u>
Total Other Financing Receipts(Disbursements)	<u>-</u>	<u>-</u>	<u>37,972</u>	<u>-</u>
Net Change in Fund Cash Balances	<u>36,900</u>	<u>41,363</u>	<u>-</u>	<u>78,263</u>
Fund Cash Balances, January 1	<u>11,409</u>	<u>10,566</u>	<u>-</u>	<u>21,975</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	51,929	-	51,929
Unassigned	48,309	-	-	48,309
	<u>48,309</u>	<u>51,929</u>	<u>-</u>	<u>100,238</u>
Fund Cash Balances, December 31	<u>\$ 48,309</u>	<u>\$ 51,929</u>	<u>\$ -</u>	<u>\$ 100,238</u>

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

# Van Wert County General Health District

*Van Wert County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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## **Note 1 – Summary of Significant Accounting Policies**

The constitution and laws of the State of Ohio establish the rights and privileges of Van Wert County General Health District, Van Wert 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 surveillance and investigation, immunization clinics, inspections, public health nursing services, and issuance of health-related licenses and permits.

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

### ***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:

***Public Home Nursing Services (PHNF) Fund*** This fund receives fees for providing home nursing services to elderly and homebound persons.

***Capital Projects Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay including the acquisition or construction of capital facilities or other capital assets. The District had the following significant capital project funds:

***WPCLF*** - Program that assists lower level income residents with the costs involved with repairing or replacing failing or substandard household sewerage treatment systems

### ***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).

**Van Wert County General Health District**  
*Van Wert County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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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.

***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 2.

***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.

**Van Wert County General Health District**

*Van Wert County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

**Committed** The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 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 2 – 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	\$476,753	\$471,892	(\$4,861)
Special Revenue	583,224	599,035	15,811
Capital Projects	37,972	75,944	37,972
Total	\$1,097,949	\$1,146,871	\$48,922

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$474,372	\$434,992	\$39,380
Special Revenue	589,307	557,672	31,635
Capital Projects	75,944	75,944	0
Total	\$1,139,623	\$1,068,608	\$71,015

**Van Wert County General Health District**  
*Van Wert County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 3 – Deposits and Investments**

As required by the Ohio Revised Code, the Van Wert 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 4 – Intergovernmental Funding**

***Intergovernmental Funding***

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

**Note 5 – Risk Management**

***Insurance***

The District is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; injuries to employees, and natural disasters. During 2019, the District was part of Van Wert County who contracted with the Midwest Pool Risk Management Agency, Inc. (which is part of the Public Entity Risk Consortium (PERC)) for liability, property and crime insurance (See Note 8).

For 2019, the District's full-time employees were included with the County for worker's compensation. The County participated in the County Commissioner's Association of Ohio Worker's Compensation Group Retro Program provided by the County Commissioners' Association of Ohio Service Corporation (CCAOSC), a workers' compensation insurance pool (See Note 8).

***Commercial Insurance***

The District has obtained commercial insurance for general liability.

***Self-Insurance***

The District's full-time employees are covered under the County for health insurance. The County is self-insured. The Self Insurance Fund pays covered claims to service providers and recovers these costs from charges to other funds based on a determined cost per employee. The County has stop loss insurance coverage in place to provide protection against catastrophic or unpredictable losses.

**Note 6 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

## Van Wert County General Health District

*Van Wert County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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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 7 – 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, and 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 8 – Insurance Pools**

#### ***Midwest Pool Risk Management Agency, Inc.***

The Midwest Pool Risk Management Agency, Inc., (the Pool) is an Ohio nonprofit corporation established by five counties for the purpose of establishing a risk-sharing insurance program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by the Pool. Coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials' error and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Pool are managed by an elected board of not more than five trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of the Pool is limited to its voting authority and any representation it may have on the board of trustees. Effective December 1, 2005, the Entity joined a Public Entity Risk Consortium (PERC) (super pool) which consists of seven (7) pool risk groups including the Agency.

#### ***The County Commissioners' Association of Ohio Service Corporation***

Van Wert County participated in the Group Retrospective Rating plan ("Group Retro") which is a performance-based incentive program designed to reward a group of similar employers who are effectively managing safety and workers' comp claims. This reward is in the form of rebates which are based upon the group achieving lower than average claims experience in a given year. Group Retro guidelines are outlined in OAC 4123-17-73 and 68.

Each group is organized through a BWC-certified sponsor who is responsible for screening potential group retro members based upon safety and claims management criteria established by the Group. The group sponsor must provide education and communication to group members on safety and reducing workplace injuries and must submit a safety plan each year to be approved by the BWC.

**Van Wert County General Health District**

*Van Wert County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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Group retrospective rating member employers initially pay their individual experience rated premium to the BWC as if they were not in a retro group. The total of the individual premiums for the group members is the “standard premium” of the group. 12 months after the end of the policy year, the BWC will calculate the group retrospective premium, based upon developed incurred claim losses of the entire group. The BWC will then compare the group retrospective premium to the standard premium. If the retrospective premium is lower than the standard premium, group members will receive a rebate of the difference. If the retrospective premium is higher, each group member will be charged an assessment to cover the shortfall. This calculation is done again at 24 and 36 months, providing a financial incentive for group members to continuously work on safety and claims management.

**Note 9 – 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.



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

Van Wert County General Health District  
Van Wert County  
1179 Westwood Drive Suite 300  
Van Wert, Ohio 45891

To the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type 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 Van Wert County General Health District, Van Wert County, (the District) and have issued our report thereon dated July 20, 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 ensuing emergency measure will 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.



***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-002.

***Purpose of this Report***

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio  
July 20, 2021

**Van Wert County General Health District  
Van Wert County  
Schedule of Findings  
December 31, 2020 and 2019**

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**1. SUMMARY OF AUDITOR'S RESULTS**

**FINDING NUMBER 2020-001**

**Financial Reporting - Material Weakness**

Sound financial reporting is the responsibility of the fiscal officer and Board and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material misstatements were identified during the course of the audit which have not been prevented or detected by the Board's internal controls over financial reporting. Misstatements were identified in the following areas:

- Intergovernmental Receipts;
- Miscellaneous Receipts;
- Charges for Services Receipts;
- Fine, Licenses and Permits Receipts;
- Contractual Service Receipts;
- Other Loan Proceeds;
- Other Disbursements;
- Principal Payments;
- Transfers In;
- Transfers Out

We recommend the Boards' Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. By exercising accuracy in recording financial activity, the Board can reduce posting errors and increase the reliability of the financial data throughout the year.

**Officials' Response:** We did not receive a response to this finding.

**FINDING NUMBER 2020-002**

**Noncompliance**

**Ohio Rev. Code § 5705.41 (D)(1)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

"Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

**Van Wert County General Health District  
Van Wert County  
Schedule of Findings  
December 31, 2020 and 2019**

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

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Unless the District uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the District. When prior certification is not possible, “then and now” certification should be used.

The District’s Fiscal Officer did not certify the availability of funds prior to making commitments during 2020 for 63% of disbursements tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

The District’s Fiscal Officer should certify the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Ohio Rev. Code § 5705.41(D) requires to authorize disbursements.

**Officials’ Response:** We did not receive a response to this finding.

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# OHIO AUDITOR OF STATE KEITH FABER



**VAN WERT COUNTY GENERAL HEALTH DISTRICT**

**VAN WERT 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 9/28/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)