



PERRY

& Associates CPAs

PASSION *Beyond the Numbers*

**MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022-2021**

OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of Morrow County District Board of Health, Morrow County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 through December 31, 2022. 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. Morrow County District Board of Health is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 08, 2023

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MORROW COUNTY DISTRICT BOARD OF HEALTH

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INDEPENDENT AUDITOR'S REPORT

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

To the Board:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Morrow County District Board of Health, Morrow County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

June 16, 2023

**MORROW COUNTY GENERAL HEALTH DISTRICT
MORROW COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Revenue	Combined Total
Cash Receipts			
Property Taxes	\$ 401,569	\$ -	\$ 401,569
Federal Awards	-	325,171	325,171
Intergovernmental	159,800	45,951	205,751
Investment Income	2,602	-	2,602
Permits	-	114,243	114,243
Other Fees	124,948	45,085	170,033
Licenses	7,543	98,260	105,803
Fines	75	1,130	1,205
Miscellaneous	6,758	305	7,063
<i>Total Cash Receipts</i>	<u>703,295</u>	<u>630,145</u>	<u>1,333,440</u>
Cash Disbursements			
Salaries	311,195	342,225	653,420
Fringe Benefits	179,583	52,797	232,380
Supplies	45,420	16,077	61,497
Remittance to State	21,200	110,470	131,670
Equipment	12,194	18,704	30,898
Contracts-Services	68,957	26,891	95,848
Travel	3,849	10,897	14,746
Printing & Advertising	880	11,708	12,588
Other	100	5,196	5,296
<i>Total Cash Disbursements</i>	<u>643,378</u>	<u>594,965</u>	<u>1,238,343</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>59,917</u>	<u>35,180</u>	<u>95,097</u>
Other Financing Receipts (Disbursements)			
Advances In	22,000	-	22,000
Advances Out	-	(22,000)	(22,000)
Operating Transfers In	-	57,055	57,055
Operating Transfers (out)	(55,642)	(1,413)	(57,055)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(33,642)</u>	<u>33,642</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	26,275	68,822	95,097
<i>Fund Cash Balances, January 1</i>	<u>257,975</u>	<u>640,128</u>	<u>898,103</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 284,250</u>	<u>\$ 708,950</u>	<u>\$ 993,200</u>

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

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Morrow County District Board of Health, Morrow County, (the “District”) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District’s services include communicable disease investigations, immunization clinics, tuberculosis screenings, home visits, public health nursing services and issues, health-related licenses and permits, emergency preparedness activities as well as birth certificates and death certificates.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

B. 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:

1. 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.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

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

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

Reproductive Health & Wellness Fund – This fund receives revenue in the forms of clinic fees & grant funds including state & federal grants. These monies are used to improve the overall reproductive health & well-being of both women & men by means of clinical services provided by the District including staff expenses & program supplies.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

PH Emergency Preparedness – This fund is a continuing federal grant. This grant serves as the primary planning resource as well as the primary point of contact with the Ohio Department of Health in regards to emergency planning, response, & recovery throughout the county. The monies used in this grant are used primarily to fund (1) staff epidemiologist as well as a contract with an outside agency to complete mandated PH deliverables.

COVID-19 Enhanced Operations – This fund is a federal grant funded program. Monies received into this fund supported the operations of the District including staff expenses, supplies & equipment.

C. 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(C). 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(C) permit.

D. Budgetary Process

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

1. Appropriations

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

2. 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.

3. 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 2022 budgetary activity appears in Note 3.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

E. 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:

1. 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 nonexpendable portion of the corpus in permanent funds.

2. 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.

3. Committed

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend 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.

4. 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.

5. 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 11.

F. 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.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

G. 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.

H. Interfund Transactions

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

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 720,874	\$ 703,295	\$ (17,579)
Special Revenue	661,762	687,200	25,438
Total	\$ 1,382,636	\$ 1,390,495	\$ 7,859

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 826,357	\$ 707,846	\$ 118,511
Special Revenue	985,428	701,970	283,458
Total	\$ 1,811,785	\$ 1,409,816	\$ 401,969

NOTE 4- DEPOSITS AND INVESTMENTS

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

NOTE 5 - INTERGOVERNMENTAL FUNDING AND PROPERTY TAXES

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

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS

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

The Ohio Revised Code also prescribes contribution rates. For 2022 OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2022.

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, 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 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022.

NOTE 8 - RISK MANAGEMENT

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

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

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

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

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 8 - RISK MANAGEMENT – (Continued)

PEP reported the following summary of actuarially-measured liabilities and assets available to pay those liabilities as of December 31, 2021 (latest information available):

	<u>2021</u>
Cash and investments	\$ 41,996,850
Actuarial liabilities	14,974,099

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 - OHIO DEPARTMENT OF HEALTH FUNDS

During the year ended December 31, 2022, the District received federal funding passed through the Ohio Department of Health as follows:

	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services Union County GHD	U.S. Department of Health and Human Services
Federal Grantor				
AL Number	93.354	93.268	93.268	93.994 93.217
Grant Title	Public Health Workforce	COVID-19 Vaccination	Get Vaccinated Ohio Public Health Initiative	Reproductive Health and Wellness
Project Number(s)	05910012WF0122	05910012CN0122	05910012CO0120	05910011RH0622
Federal Receipts	\$ 37,855	\$ 38,108	\$ 15,672	\$ 47,009
<hr/>				
Federal Grantor	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services
AL Number	93.323	93.323	93.069	93.069
Grant Title	COVID-19 Enhanced Operations	COVID-19 Enhanced Operations	Public Health Emergency Preparation	Public Health Emergency Preparation
Project Number(s)	05910012EO0121	05910012EO0222	05910012PH1322	05910012PH1423
Federal Receipts	\$ 53,736	\$ 8,857	\$ 42,299	\$ 26,990
<hr/>				
Federal Grantor	U.S. Department of Health and Human Services Central Ohio Trauma System	U.S. Department of Health and Human Services		
AL Number	93.889	93.977		
Grant Title	Regional Health Care System Coordination for Disaster Preparedness	Innovative Approaches to STI Prevention		
Project Number(s)	02560112RP1522	05910012II0123		
Federal Receipts	\$ 7,000	\$ 23,500		

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 11 - 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 8,826	\$ 105,592	\$ 114,418
Total	\$ 8,826	\$ 105,592	\$ 114,418

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

NOTE 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the County. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**MORROW COUNTY GENERAL HEALTH DISTRICT
MORROW COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Combined Total
Cash Receipts			
Property Taxes	\$ 393,338	\$ -	\$ 393,338
Federal Awards	-	432,359	432,359
Intergovernmental	166,805	47,373	214,178
Investment Income	2,318	-	2,318
Permits	-	136,928	136,928
Other Fees	207,207	44,253	251,460
Licenses	6,866	86,326	93,192
Fines	-	14	14
Contractual Services	41,973	-	41,973
Miscellaneous	571	87	658
<i>Total Cash Receipts</i>	<u>819,078</u>	<u>747,340</u>	<u>1,566,418</u>
Cash Disbursements			
Salaries	372,475	386,791	759,266
Fringe Benefits	181,968	62,505	244,473
Supplies	75,620	33,804	109,424
Remittance to State	108,915	87,412	196,327
Equipment	11,147	77,195	88,342
Contracts-Services	70,425	20,553	90,978
Travel	2,860	8,165	11,025
Printing & Advertising	1,545	392	1,937
Other	225	2,986	3,211
<i>Total Cash Disbursements</i>	<u>825,180</u>	<u>679,803</u>	<u>1,504,983</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,102)</u>	<u>67,537</u>	<u>61,435</u>
Other Financing Receipts (Disbursements)			
Reimbursements	2,110	-	2,110
Advances In	10,000	-	10,000
Advances Out	-	(10,000)	(10,000)
Operating Transfers In	-	10,000	10,000
Operating Transfers (out)	(10,000)	-	(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,110</u>	<u>-</u>	<u>2,110</u>
<i>Net Change in Fund Cash Balances</i>	<u>(3,992)</u>	<u>67,537</u>	<u>63,545</u>
<i>Fund Cash Balances, January 1 (Restated - See Note 14)</i>	<u>261,967</u>	<u>572,591</u>	<u>834,558</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 257,975</u>	<u>\$ 640,128</u>	<u>\$ 898,103</u>

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

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Morrow County District Board of Health, Morrow County, (the “District”) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District’s services include communicable disease investigations, immunization clinics, tuberculosis screenings, home visits, public health nursing services and issues, health-related licenses and permits, emergency preparedness activities as well as birth certificates and death certificates.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

B. 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:

1. 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.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

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

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

Reproductive Health & Wellness Fund – This fund receives revenue in the forms of clinic fees & grant funds including state & federal grants. These monies are used to improve the overall reproductive health & well-being of both women & men by means of clinical services provided by the District including staff expenses & program supplies.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

PH Infrastructure Fund – This fund is a continuing federal grant. This grant serves as the primary planning resource as well as the primary point of contact with the Ohio Department of Health in regards to emergency planning, response, & recovery throughout the county. The monies used in this grant are used primarily to fund (1) staff epidemiologist as well as a contract with an outside agency to complete mandated PH Infrastructure deliverables.

COVID-19 Emergency Fund – This fund is a federal grant funded program. Monies receipted into this fund supported the emergency operations & coordination of the District's Covid Response including staff expenses, supplies & equipment.

C. 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(C). 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(C) permit.

D. Budgetary Process

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

1. Appropriations

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

2. 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.

3. 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 2021 budgetary activity appears in Note 3.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

E. 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:

1. 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 nonexpendable portion of the corpus in permanent funds.

2. 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.

3. Committed

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amend 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.

4. 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.

5. 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 11.

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

F. 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.

G. 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.

H. Interfund Transactions

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

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 633,017	\$ 821,188	\$ 188,171
Special Revenue	682,933	757,340	74,407
Total	\$ 1,315,950	\$ 1,578,528	\$ 262,578

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 869,058	\$ 847,680	\$ 21,378
Special Revenue	988,661	706,855	281,806
Total	\$ 1,857,719	\$ 1,554,535	\$ 303,184

NOTE 4- DEPOSITS AND INVESTMENTS

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

NOTE 5 - INTERGOVERNMENTAL FUNDING AND PROPERTY TAXES

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

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLANS

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

The Ohio Revised Code also prescribes contribution rates. For 2021 OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2021.

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, 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 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

NOTE 8 - RISK MANAGEMENT

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

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

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

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

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 - RISK MANAGEMENT (Continued)

PEP reported the following summary of actuarially-measured liabilities and assets available to pay those liabilities as of December 31, 2021:

	<u>2021</u>
Cash and investments	\$41,996,850
Actuarial liabilities	14,974,099

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 - OHIO DEPARTMENT OF HEALTH FUNDS

During the year ended December 31, 2021, the District received federal funding passed through the Ohio Department of Health as follows:

	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services
Federal Grantor				
AL Number	93.994	93.217	93.354	21.019
Grant Title	Public Health Emergency Preparedness	Reproductive Health and Wellness	Coronavirus Response	Coronavirus Response Supplemental
Project Number(s)	05910012PH1121	05910011RH0521 05910011RH0622	05910012CO0120	05910012CO0121
Federal Receipts	\$ 536	\$ 81,206	\$ 3,682	\$ 121,202
<hr/>				
Federal Grantor	U.S. Department of Health and Human Services	U.S. Department of the Treasury CARES Act - Coronavirus Relief Funds	U.S. Department of Health and Human Services	U.S. Department of the Treasury CARES Act - Coronavirus Relief Funds
AL Number	93.069	21.019	93.323	93.268
Grant Title	Public Health Emergency Preparedness	COVID-19 Contact Training	COVID-19 Contact Tracing Supplemental	COVID-19 Vaccine Equity Supplemental
Project Number(s)	05910012PH1221 05910012PH1322	05910012CT0120	05910012CT0121	05910012VE0121
Federal Receipts	\$ 109,546	\$ 22,102	\$ 14,214	\$ 50,000
<hr/>				
Federal Grantor	U.S. Department of Health and Human Services			
Passthrough	Union County GHD (Agreement)			
AL Number	93.268			
Grant Title	Get Vaccinated Ohio Public Health Initiative			
Project Number(s)	08010012GVO221 08010012GVO322			
Federal Receipts	\$ 27,706			

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 11 - 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 12,500	\$ 27,052	\$ 39,552
Total	\$ 12,500	\$ 27,052	\$ 39,552

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

NOTE 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 13 - INTERFUND BALANCES

Outstanding advances at December 31, 2021 consist of amounts advanced from the General Fund to provide working capital for operations. The interfund balances are as follows:

Fund	Amount
Immunization Action Plan	\$ 10,000
COVID-19 Contact Tracing	12,000

During 2021, the Board of Health approved a motion to convert three advances totaling \$72,500 from the District Board of Health's General Fund to the CD&D Fund to transfers.

NOTE 14 – RESTATEMENT OF BEGINNING FUND BALANCE

Beginning fund balance at January 1, 2021 was restated for the District's General Fund and Special Revenue Funds due to a 2017-2018 audit adjustment that was duplicated during the 2019-2020 audit.

	General	Special Revenue	Total
Ending Fund Balance, December 31, 2020	\$ 261,433	\$ 573,125	\$ 834,558
Prior adjustment correction	534	(534)	-
Beginning Fund Balance, January 1, 2021, Restated	\$ 261,967	\$ 572,591	\$ 834,558



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

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

To the Board:

We have audited, in accordance the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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 years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Morrow County District Board of Health, Morrow County, (the District) and have issued our report thereon dated June 16, 2023, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District’s financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of audit findings as 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

June 16, 2023

MORROW COUNTY DISTRICT BOARD OF HEALTH
MORROW COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

FINDING NUMBER 2022-001

Material Weakness

Financial Reporting

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

During 2022 and 2021, receipts and disbursements were not always posted or classified correctly. The following errors were noted:

- In 2021, \$83,908 of Reproductive Health & Wellness receipts were incorrectly classified as Intergovernmental receipts instead of Federal Awards. In 2022, \$38,108 of Reproductive Health & Wellness receipts were incorrectly classified as Intergovernmental receipts instead of Federal Awards; and
- In 2021, Salaries expense was understated by \$20,000 in the District Health Fund resulting in overstatement of fund balance.

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

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

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

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Not Corrected	Repeated as Finding 2022-001

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OHIO AUDITOR OF STATE KEITH FABER



MORROW COUNTY DISTRICT BOARD OF HEALTH

MORROW COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/22/2023

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