



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

CITY OF SPRINGDALE BOARD OF HEALTH, OHIO

HAMILTON COUNTY

REGULAR AUDIT

YEAR ENDED DECEMBER 31, 2020



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Members of the Board
Springdale City Health District
11700 Springfield Pike
Springdale, OH 45246

We have reviewed the *Independent Auditor's Report* of the Springdale City Health District, Hamilton County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 23, 2021

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INDEPENDENT AUDITORS' REPORT

To the City of Springdale Board of Health:

We have audited the accompanying financial statements and related notes to the financial statements of the City of Springdale Board of Health (the Board) as of and for the year ended December 31, 2020.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements 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 Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

As discussed in Note 2 of the financial statements, the Board 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 we cannot reasonably determine the effects on the financial statements of the variances between the regulatory accounting basis and GAAP, we presume they are material.

Though the Board 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 City of Springdale Board of Health as of December 31, 2020, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2021 on our consideration of the Board's internal control over financial reporting and on 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 Board'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 Board's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 22, 2021

**CITY OF SPRINGDALE BOARD OF HEALTH, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
 AND CHANGES IN FUND BALANCES (Regulatory Cash Basis)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2020**

	Governmental Funds		Total (Memorandum Only)
	General Fund	Special Revenue Fund	
Cash Receipts:			
Intergovernmental	\$41,441	\$167,101	\$208,542
Fees, license, and permits	72,228	0	72,228
Charges for services	1,220	0	1,220
City of Springdale subsidy	106,301	0	106,301
City of Springdale advance	0	197,154	197,154
Total Cash Receipts	221,190	364,255	585,445
Cash Disbursements:			
Public health services – personal services	168,589	231,266	399,855
Public health services – other	52,601	62,838	115,439
Total Cash Disbursements	221,190	294,104	515,294
Net Change in Fund Balances	0	70,151	70,151
Fund Cash Balances January 1	0	11,308	11,308
Fund Cash Balances, December 31:			
Restricted for: Operating Grants	0	81,459	81,459
Fund Cash Balances, December 31	\$0	\$81,459	\$81,459

**CITY OF SPRINGDALE BOARD OF HEALTH, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights of the City of Springdale Board of Health (the Board) as a body corporate and politic. Five members govern the Board with the Mayor of the City of Springdale serving as the Board President. The Mayor appoints all Board members. The Board is responsible for protecting and promoting the health and well-being of the people who live and work in the City of Springdale through effective health policy that promotes disease prevention and community health education.

The Board is part of the City of Springdale (City) through the Health department and is included as part of the City's general fund. The Health department also has grant activity recorded in the City's grants fund. All receipt and expenditure transactions of the Health department are processed through the same financial system as all other departments of the City. The Health department budget is under the control of City Administration. All significant actions of the Board are presented to City Council for approval. The Board of Health is reported as a blended component unit of the City of Springdale.

The Board believes the financial statement presents all activities for which the Board is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Board's financial statement consists of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

The Board uses funds of the City 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 Board are presented below:

General Fund - The general fund accounts for all financial activity not accounted for in the special revenue fund. The general fund balance is available to the Board for any purpose provided it is expended according to the general laws of Ohio and City Charter.

Special Revenue Fund – This fund accounts for grants obtained from outside agencies for other than capital purposes.

Basis of Accounting

The financial statement follows 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).

The statement includes 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.

CITY OF SPRINGDALE BOARD OF HEALTH, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

Budgetary Process

The Ohio Revised Code and City Charter requires that each fund be budgeted annually.

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the department level in the general fund, and the fund level in the special revenue fund, and appropriations may not exceed estimated resources. City Council 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. City Council must approve estimated resources.

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

A summary of 2020 budgetary activity appears in Note 3.

Deposit and Investments

The City holds the Board's deposits and investments as the Board's custodian.

Capital Assets

The City records disbursements for acquisitions when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

Fund Balance

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

Nonspendable - The Board classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

**CITY OF SPRINGDALE BOARD OF HEALTH, OHIO
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*. 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 Board official delegated that authority by formal action, 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 Board 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2020 is as follows:

2020 Budgeted –vs- Actual Receipts

Fund	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$209,756	\$221,190	11,434
Special Revenue - Grants Fund	403,997	364,255	(39,742)

2020 Budgeted –vs- Actual Budgetary Basis Expenditures

Fund	Appropriations	Budgetary Expenditures	Variance
General Fund	\$421,384	\$221,280	\$200,104
Special Revenues - Grants Fund	357,166	344,687	12,479

4. RISK MANAGEMENT

The Board has obtained commercial insurance (through being a department of the City) through the Miami Valley Risk Management Association (MVRMA), a property and casualty pooling arrangement. MVRMA’s deductible is \$2,500 per community per occurrence. MVRMA retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess reinsurance contracts. MVRMA’s per-occurrence retention limit for property was \$250,000 with the exception of boiler and machinery for which there was a \$10,000 to \$350,000 per-occurrence retention limit. General liability had a per-occurrence retention limit of \$12,000,000. Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the prior year. The insurance covered includes:

- * Property and general liability

CITY OF SPRINGDALE BOARD OF HEALTH, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

- * Vehicles
- * Boiler and machinery
- * Cyber coverage
- * Pollution liability

5. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

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

6. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which 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 of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the traditional pension plan was 0 percent during 2020.

7. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Board as grants are subject to audit and adjustment by the grantor. 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.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the City of Springdale Board of Health:

We have audited, in accordance with the 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, the financial statements of the City of Springdale Board of Health (the Board) as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated June 22, 2021, wherein we noted the Board followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 entity'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 weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompany schedule of findings and responses as item 2020-002.

Board's Response to Findings

The Board's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 22, 2021

**City of Springdale Board of Health
Schedule of Findings and Responses
Year Ended December 31, 2020**

2020-001 Financial Reporting

During the course of our audit, we identified a misstatement in the financial statements that was not initially identified by the Board's internal control over financial reporting. A deficiency in internal control exists when the design of 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. In this case, the internal controls over the preparation and review of the Board's financial statements did not operate as designed.

We proposed an audit adjustment to correct an understatement of cash receipts and cash disbursements in the Special Revenue Fund.

We recommend the Board enhance its internal controls over financial reporting with steps such as additional management review of the financial statements.

View of Responsible Officials: Management declined to provide a response.

2020-002 Hinkle Annual Financial Data Reporting System

Ohio Revised Code Section 117.38 states entities filing on cash-basis must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State (AOS) implemented the Hinkle Annual Financial Data Reporting System for periods ended in 2015 and thereafter for entities to file the required annual report. Per review of the Board's filing within the Hinkle Annual Financial Data Reporting System, it was noted that the filing occurred after the required filing deadline for the year ending December 31, 2020.

We recommend that the Board implements policies and procedures to ensure that the Board's financial statements are filed accurately and timely with the Hinkle Annual Financial Data Reporting System.

View of Responsible Officials: Management declined to provide a response.

OHIO AUDITOR OF STATE KEITH FABER



SPRINGDALE CITY HEALTH DEPARTMENT

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/2/2021

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This report is a matter of public record and is available online at
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