

GALLIA COUNTY HEALTH DISTRICT
GALLIA COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019



Millhuff-Stang

CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Gallia County General Health District
499 Jackson Pike, Suite D
Gallipolis, Ohio 45631

We have reviewed the *Independent Auditor's Report* of the Gallia County General Health District, Gallia County, prepared by Millhuff-Stang, CPA, 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. The Gallia 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

July 19, 2021

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Gallia County General Health District
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For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

Members of the Board
Gallia County General Health District
499 Jackson Pike, Suite D
Gallipolis, Ohio 45631

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020, and December 31, 2019, and related notes of Gallia County General Health District, Gallia 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 2 of the financial statements, the District has 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 years ended December 31, 2020 and December 31, 2019, and related notes of Gallia County General Health District, Gallia County, Ohio, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

The accompanying financial statements have been prepared assuming the District will continue as a going concern. As discussed in Note 12 to the 2019 Notes to the Financial Statements, the District suffered recurring losses and had a total deficit balance of \$41,954 at December 31, 2019 and a total fund balance of \$318,043 at December 31, 2019 after obtaining a \$360,000 bank loan that must be repaid by September 5, 2021. These conditions raise substantial doubt about the District's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 12 of the 2019 Notes to the Financial Statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. 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 June 15, 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.

Millhuff-Stang CPA, Inc.

Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

June 15, 2021

Gallia County General Health District
Gallia County
*Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 354,094	\$ -	\$ 354,094
Charges for Services	814,191	151,838	966,029
Fines, Licenses and Permits	3,342	103,865	107,207
Intergovernmental	41,667	1,245,738	1,287,405
Miscellaneous	70,220	25,988	96,208
<i>Total Cash Receipts</i>	1,283,514	1,527,429	2,810,943
Cash Disbursements			
Current:			
Health:			
Salaries	434,455	684,198	1,118,653
Benefits	117,014	202,487	319,501
Supplies	550,610	45,925	596,535
State Remittances	38,864	42,538	81,402
Travel	1,576	1,564	3,140
Contract Services	56,546	260,866	317,412
Equipment	16,038	17,153	33,191
Other	66,269	55,836	122,105
Debt Service:			
Principal Retirement	180,000	-	180,000
Interest and Fiscal Charges	8,162	-	8,162
<i>Total Cash Disbursements</i>	1,469,534	1,310,567	2,780,101
<i>Excess of Receipts Over (Under) Disbursements</i>	(186,020)	216,862	30,842
Other Financing Receipts (Disbursements)			
Advances In	72,294	105,462	177,756
Advances Out	(105,462)	(72,294)	(177,756)
<i>Total Other Financing Receipts (Disbursements)</i>	(33,168)	33,168	-
<i>Net Change in Fund Cash Balances</i>	(219,188)	250,030	30,842
<i>Fund Cash Balances, January 1</i>	224,085	93,961	318,046
<i>Fund Cash Balances, December 31</i>	\$ 4,897	\$ 343,991	\$ 348,888

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Gallia County General Health District, Gallia 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, inspections, public health nursing services and issues health-related licenses and permits.

Public Entity Risk Pool

The District belongs to the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

WIC Grant Fund This fund accounts for and reports federal grant monies for the special supplemental nutrition program.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The District 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

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

Note 2 – Summary of Significant Accounting Policies (continued)

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 disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

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.

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

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

2020 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,355,808	\$ 1,355,808	\$ -
Special Revenue	1,632,891	1,632,891	-
Total	\$2,988,699	\$2,988,699	\$ -

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,574,996	\$ 1,574,996	\$ -
Special Revenue	1,382,861	1,382,861	-
Total	\$2,957,857	\$2,957,857	\$ -

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

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Gallia 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 – Property Taxes

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

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

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

Note 6 – Risk Management

Risk Pool Membership

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

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

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

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

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

Note 6 – Risk Management (Continued)

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plan

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.

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

Note 8 – 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 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 and Combined Plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Ohio Valley Bank Loan	\$ 180,000	4%

On November 18, 2019, the Board approved borrowing \$360,000 from the Ohio Valley Bank. The purpose stated in this bank loan is to supply cash for a shortfall in 2019 in lieu of levy funds to be received in 2020. This loan is to be repaid in four installments. The remaining installments of \$94,081, including principal and interest, are to be paid on May 5, 2021 with a final payment of the entire balance of unpaid principal, fees and charges, and accrued and unpaid interest on September 5, 2021.

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

Note 9 – Debt (Continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Ohio Valley Bank Loan
2021	\$ 188,162

Note 10 – Contingent Liabilities

Management is not aware of any pending litigation.

Amounts grantor agencies pay to the District 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.

Note 11 – 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. 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.

Note 12 – Going Concern/Subsequent Event

On November 18, 2019, the Board approved to borrow \$360,000 from the Ohio Valley Bank. The purpose stated in this bank loan is to supply cash for a shortfall in 2019 in lieu of levy funds to be received in 2020. The loan proceeds were deposited into the General Fund on November 27, 2019. This loan is to be repaid in four installments. Two of the installments were made in 2020. The last two installments of \$94,081, including principal and interest, are to be paid on and May 5, 2021 with a final payment of the entire balance of unpaid principal, fees and charges, and accrued and unpaid interest on September 5, 2021.

At December 31, 2020, the General Fund then advanced money to the Special Revenue Funds still showing deficit balances. These funds include BCMH Fund (\$21,006), Get Vaccinated Ohio Fund (\$6,855), PHEP Grant Fund (\$733), WIC Grant Fund (\$12,748), Tobacco Grant Fund (\$18,038), Food Services (\$32,282), Sewage Treatment Systems (\$13,467), Swimming Pools (\$268) and Cribs for Kids Fund (\$65). The District's General Fund balance at December 31, 2020 was \$4,897. The District had an outstanding balance from the Ohio Valley Bank loan of \$180,000, indicating the District had a total fund deficit in the General Fund of \$175,103 without the loan. Even with the \$105,462 advances owed to the General Fund, the fund is still in a deficit position.

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

Note 12 – Going Concern/Subsequent Event (continued)

In order to repay the loan and not revert to a cash shortfall, the Board approved placing a .5 mill levy on the March 2020 primary ballot. This levy was passed and the District will begin receiving the additional funding in 2021. Due to this, the Board does not expect to have a cash shortfall issue in the foreseeable future.

The accompanying financial statements do not include any adjustments that might be necessary if the District is unable to continue as a going concern.

Note 13 – Fund Balances

Fund balances may include money that the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. At year end the District had none of the 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 District had none of the above fund balances.

The fund balance of special revenue funds is either restricted or committed. These restricted or committed, and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned. The District had no encumbrances outstanding at year-end.

Note 14 – Change in Accounting Principle

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

Note 15 – Compliance

Contrary to Ohio law, the District failed to properly certify the availability of funds for a portion of expenditures tested.

Gallia County General Health District
Gallia County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 348,618	\$ -	\$ 348,618
Charges for Services	813,827	366,820	1,180,647
Fines, Licenses and Permits	8,407	133,274	141,681
Intergovernmental:	37,616	789,743	827,359
Miscellaneous	104,380	13,542	117,922
<i>Total Cash Receipts</i>	1,312,848	1,303,379	2,616,227
Cash Disbursements			
Current:			
Health:			
Salaries	424,449	606,410	1,030,859
Benefits	108,296	177,467	285,763
Supplies	551,094	127,772	678,866
State Remittances	41,200	41,743	82,943
Travel	3,799	3,859	7,658
Contract Services	55,997	286,386	342,383
Equipment	9,000	5,360	14,360
Other	83,187	81,451	164,638
Debt Service:			
Principal Retirement	99,408	59,724	159,132
Interest and Fiscal Charges	39	-	39
<i>Total Cash Disbursements</i>	1,376,469	1,390,172	2,766,641
<i>Excess of Receipts Over (Under) Disbursements</i>	(63,621)	(86,793)	(150,414)
Other Financing Receipts (Disbursements)			
Loan Proceeds	360,000	-	360,000
Advances In	-	72,294	72,294
Advances Out	(72,294)	-	(72,294)
<i>Total Other Financing Receipts (Disbursements)</i>	287,706	72,294	360,000
<i>Net Change in Fund Cash Balances</i>	224,085	(14,499)	209,586
<i>Fund Cash Balances, January 1</i>	-	108,460	108,460
Fund Cash Balances, December 31			
Restricted	-	93,961	93,961
Assigned for Encumbrances	85,697	-	85,697
Unassigned	138,388	-	138,388
<i>Fund Cash Balances, December 31</i>	<u>\$ 224,085</u>	<u>\$ 93,961</u>	<u>\$ 318,046</u>

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Gallia County General Health District, Gallia 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, inspections, public health nursing services and issues health-related licenses and permits.

Public Entity Risk Pool

The District belongs to the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Reproductive H & W Grant Fund This fund accounts for and reports grant monies for women's reproductive health.

WIC Grant Fund This fund accounts for and reports federal grant monies for the special supplemental nutrition program.

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

Note 2 – Summary of Significant Accounting Policies (continued)

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 District 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 disbursements 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.

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget in the general fund.

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2019, follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,672,848	\$1,672,848	\$0
Special Revenue	1,375,672	1,375,673	1
Total	\$3,048,520	\$3,048,521	\$1

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

Note 3 – Budgetary Activity (continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,448,763	\$1,534,460	(\$85,697)
Special Revenue	1,390,172	1,390,172	0
Total	\$2,838,935	\$2,924,632	(\$85,697)

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Gallia 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 – Property Taxes

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

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

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

Note 6 – Risk Management

Risk Pool Membership

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

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

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

Note 6 – Risk Management (continued)

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

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

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plan

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.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

Note 8 – 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 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 and Combined Plan was 0% during calendar year 2019.

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

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Ohio Valley Bank Loan	\$ 360,000	4%

On November 18, 2019, the Board approved borrowing \$360,000 from the Ohio Valley Bank. The purpose stated in this bank loan is to supply cash for a shortfall in 2019 in lieu of levy funds to be received in 2020. This loan is to be repaid in four installments. The installments of \$94,081, including principal and interest, to be paid on May 5, 2020, September 5, 2020, and May 5, 2021 with a final payment of the entire balance of unpaid principal, fees and charges, and accrued and unpaid interest on September 5, 2021.

As of December 31, 2018, the District had loan outstanding with the Gallia County Auditor’s Office in the amount of \$159,132. This loan was repaid in full to the Gallia County Auditor’s Office during 2019.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Ohio Valley Bank Loan
2020	\$ 188,162
2021	188,162
Total	\$ 376,324

Note 10 – Contingent Liabilities

Management is not aware of any pending litigation.

Amounts grantor agencies pay to the District 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.

Note 11 – Subsequent Event

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

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

Note 12 – Going Concern/Subsequent Event

On November 18, 2019, the Board approved to borrow \$360,000 from the Ohio Valley Bank. The purpose stated in this bank loan is to supply cash for a shortfall in 2019 in lieu of levy funds to be received in 2020. This loan is to be repaid in four installments. The installments of \$94,081, including principal and interest, are to be paid on May 5, 2020, September 5, 2020, and May 5, 2021 with a final payment of the entire balance of unpaid principal, fees and charges, and accrued and unpaid interest on September 5, 2021.

The loan proceeds were deposited into the General Fund on November 27, 2019. At December 31, 2019, the General Fund then advanced money to the Special Revenue Funds still showing deficit balances. These funds include BCMH Fund (\$11,521), Get Vaccinated Ohio Fund (\$6,526), Naloxone Grant Fund (\$5,710), PHEP Grant Fund (\$15,661), MCH Grant Fund (\$2,091), WIC Grant Fund (\$17,786), C&D Disposal Fees Fund (\$16), Tobacco Grant Fund (\$4,283), and Cribs for Kids Fund (\$8,700). Total of all District Funds at December 31, 2019 was \$318,046 including the loan proceeds of \$360,000; indicating the District had a total fund deficit of \$41,954 without the loan.

In order to repay the loan and not revert to a cash shortfall, the Board approved placing a .5 mill levy on the March 2020 primary ballot. This levy was passed and the District will begin receiving the additional funding in 2021. Due to this, the Board does not expect to have a cash shortfall issue in the foreseeable future.

The accompanying financial statements do not include any adjustments that might be necessary if the District is unable to continue as a going concern.

Note 13 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriations in the Special Revenue Funds at December 31, 2019. Additionally, contrary to Ohio law, the District failed to properly certify the availability of funds for a portion of expenditures tested during 2019.

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 Auditor's Report

Board of Trustees
Gallia County General Health District
499 Jackson Pike, Suite D
Gallipolis, Ohio 45631

We have audited in accordance 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, the financial statements of Gallia County General Health District, Gallia County (the District) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated June 15, 2021, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. Additionally we also noted the District was experiencing financial difficulties.

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) to determine the 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 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. We did identify deficiencies in internal control described in the accompanying schedule of findings and responses as item 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

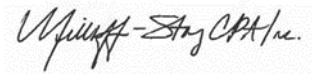
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-002 and 2020-003.

District's Responses to Findings

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

June 15, 2021

Gallia County General Health District
Schedule of Findings and Responses
For the Years Ended December 31, 2020 and 2019

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

Finding Number 2020-001

Material Weakness – Financial Reporting

A monitoring system by the District should be in place to prevent or detect misstatements for the accurate presentation of the District’s financial statements. Various errors were identified in the financial statements of the District. Certain errors were deemed significant enough to requiring correction within the financial statements, including improper classification of revenues in the General Fund and Special Revenue funds in both 2019 and 2020, and fund balance classifications within the General Fund in 2019. It was also noted that the footnotes to the financial statements were not properly prepared, and modifications were required. Other errors identified in the financial statements were aggregated and deemed immaterial by auditors and management, and therefore correction within the financial statements was waived.

We recommend the District implement additional operating and monitoring procedures to ensure transactions are properly recorded and reported and that identified errors are timely identified and properly resolved.

District Response:

We will get Hinkle report prepared by a different agency.

Finding Number 2020-002

Material Weakness/Noncompliance Citation – Ohio Revised Code Section 5705.41(D)(1)

Ohio Revised Code Section 5705.41(D)(1) states, in part, that no subdivision 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. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrants 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 subsections (D)(1) and (D)(3) of Section 5705.41, respectively, of the Ohio Revised Code.

1. “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 receipt of the “then and now” certificate to approve payment by ordinance or resolution. 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.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate

Gallia County General Health District
Schedule of Findings and Responses
For the Years Ended December 31, 2020 and 2019

may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

3. 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.

The District had unrecorded encumbrances of \$85,697 in the General Fund in 2019. The District also had unrecorded encumbrances in 2020 that were deemed immaterial. We also noted invoice dates preceding purchase order dates in both 2019 and 2020. Additionally, we noted blanket purchase orders during 2019 and 2020 that exceeded the amount established by the legislative authority.

Unless the exceptions noted above are used, prior certification is not only required by statute but 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 the funds are or will be available prior to an obligation being incurred by the District. When prior certification is not possible, "then and now" certification should be used. Additionally, the District should adopt proper procedures to ensure that blanket purchase orders are not issued for amounts in excess of the amount established by the legislative authority.

District Response:

We will get purchase orders for encumbrances at year end.

Finding Number 2020-003

Noncompliance Citation – Ohio Revised Code Section 5705.41(B)

Ohio Revised Code Section 5705.41(B) states, in part, that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

We noted material outstanding encumbrances during testing that resulted in actual budget basis expenditures exceeding total appropriations in the General Fund during 2019.

The District should adopt proper procedures to ensure that their expenditures do not exceed total appropriations.

District Response:

We will make sure purchases do not exceed appropriations for year end.

Gallia County General Health District
Schedule of Prior Audit Findings
For the Years Ended December 31, 2020 and 2019

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2018-001	Noncompliance – Ohio Revised Code Section 5705.39	Yes	
Finding 2018-002	Noncompliance – Ohio Revised Code Section 5705.41(B)	No	Reissued as Finding 2020-003
Finding 2018-003	Noncompliance – Ohio Revised Code Section 5705.41(D)	No	Reissued as Finding 2020-002
Finding 2018-004	Material Weakness – Financial Reporting	No	Reissued as Finding 2020-001

OHIO AUDITOR OF STATE KEITH FABER



GALLIA COUNTY GENERAL HEALTH DISTRICT

GALLIA 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 7/29/2021

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