



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

JACKSON COUNTY DISTRICT BOARD OF HEALTH
JACKSON COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2020 and 2019

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Health
Jackson County District Board of Health
200 East Main Street
Jackson, Ohio 45640

We have reviewed the *Independent Auditor's Report* of the Jackson County District Board of Health, Jackson County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Jackson 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

September 01, 2021

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Jackson County District Board of Health
Jackson County, Ohio
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For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

Jackson County District Board of Health
Jackson County
200 Main Street
Jackson, Ohio 45640

To the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Jackson County District Board of Health, Jackson County, (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 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 opinion.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

As discussed in Note 9 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent period of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
June 16, 2021

JACKSON COUNTY DISTRICT BOARD OF HEALTH
Combined Statement of Receipts, Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2020

	Governmental Fund Types		
	General	Special Revenue	Totals
<u>Cash Receipts:</u>			
Intergovernmental	\$640,397	\$693,973	\$1,334,370
Fees	74,256	67,341	141,597
Licenses and Permits	0	135,725	135,725
Charges for Services	0	82,858	82,858
Miscellaneous	54,145	12,560	66,705
Total Cash Receipts	<u>768,798</u>	<u>992,457</u>	<u>1,761,255</u>
<u>Cash Disbursements:</u>			
<i>Current:</i>			
<i>Health:</i>			
Salaries	351,465	279,174	630,639
Fringe Benefits	110,289	82,129	192,418
Supplies	5,257	47,088	52,345
Remittances to State	30,954	69,270	100,224
Contract Services	1,813	165,673	167,486
Utilities	0	4,903	4,903
Travel	573	4,279	4,852
Other	74,968	110,843	185,811
<i>Debt Service:</i>			
Principal	0	82,044	82,044
Total Cash Disbursements	<u>575,319</u>	<u>845,403</u>	<u>1,420,722</u>
Total Cash Receipts Over Cash Disbursements	<u>193,479</u>	<u>147,054</u>	<u>340,533</u>
<u>Other Financing Sources (Uses):</u>			
Proceeds of Loans	0	82,044	82,044
Transfers In	30,000	0	30,000
Transfers Out	0	(30,000)	(30,000)
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>52,044</u>	<u>82,044</u>
Net Change in Fund Cash Balances	223,479	199,098	422,577
Fund Cash Balances, January 1	<u>172,315</u>	<u>371,473</u>	<u>543,788</u>
Fund Cash Balances, December 31	<u><u>\$395,794</u></u>	<u><u>\$570,571</u></u>	<u><u>\$966,365</u></u>

See accompanying notes to the financial statements.

JACKSON COUNTY BOARD OF HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Jackson County Board of Health District, Jackson 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 and environmental licenses and permits. The Jackson County Auditor serves as fiscal agent for the District and is responsible for fiscal control of the resources.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

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

Help Me Grow (HMG) Fund - This fund receives fees for providing contractual services to qualifying clients of the Jackson County Family & Children First Council.

Solid Waste Fund - This fund receives fees from the Beech Hollow landfill for litter prevention.

JACKSON COUNTY BOARD OF HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Budgetary Process

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

Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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. 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 also 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 cancelled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

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. 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 nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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.

JACKSON COUNTY BOARD OF HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. Fund Balance – (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Health District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Health or a Health District official delegated that authority by resolution, or by State Statute.

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

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

NOTE 2 – BUDGETARY ACTIVITY

The District’s budgetary activity for the years ending December 31, 2020 was as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$665,728	\$798,798	\$133,070
Special Revenue	751,434	1,074,501	323,067
<i>Total</i>	\$1,417,162	\$1,873,299	\$456,137

2020 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$610,169	\$575,319	\$34,850
Special Revenue	878,101	875,403	2,698
<i>Total</i>	\$1,488,270	\$1,450,722	\$37,548

JACKSON COUNTY BOARD OF HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 3 – INTERGOVERNMENTAL FUNDING

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

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$488,373 in 2020. The financial statements present these amounts as intergovernmental receipts.

NOTE 4 - DENFINED PENSION BENEFIT PLANS

The District's full-time 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 2020, 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 5 - POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefits postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualified 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 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

NOTE 6 - RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

NOTE 7 - 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.

JACKSON COUNTY BOARD OF HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2020

NOTE 8 – 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.

NOTE 9 – 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.

JACKSON COUNTY DISTRICT BOARD OF HEALTH
Combined Statement of Receipts, Disbursements and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2019

	Governmental Fund Types		
	General	Special Revenue	Totals
<u>Cash Receipts:</u>			
Intergovernmental	\$454,621	\$565,273	\$1,019,894
Fees	76,020	64,522	140,542
Licenses, Permits, and Fees	0	135,793	135,793
Charges for Services	0	188,936	188,936
Miscellaneous	8,936	7,009	15,945
Total Cash Receipts	539,577	961,533	1,501,110
<u>Cash Disbursements:</u>			
<i>Current:</i>			
<i>Health:</i>			
Salaries	223,488	360,116	583,604
Fringe Benefits	125,766	122,988	248,754
Supplies	13,992	36,577	50,569
Remittances to State	34,412	69,452	103,864
Contract Services	9,000	189,981	198,981
Utilities	0	3,795	3,795
Travel	1,648	11,134	12,782
Other	68,960	35,182	104,142
<i>Debt Service:</i>			
Principal	0	191,743	191,743
Total Cash Disbursements	477,266	1,020,968	1,498,234
Total Cash Receipts Over Cash Disbursements	62,311	(59,435)	2,876
<u>Other Financing Sources (Uses):</u>			
Proceeds of Loans	0	191,743	191,743
Transfers In	0	15,012	15,012
Transfers Out	(15,012)	0	(15,012)
Total Other Financing Sources (Uses)	(15,012)	206,755	191,743
Net Change in Fund Cash Balances	47,299	147,320	194,619
Fund Cash Balances, January 1	125,016	224,153	349,169
<i>Fund Cash Balances, December 31:</i>			
Restricted	0	371,473	371,473
Unassigned	172,315	0	172,315
Fund Cash Balances, December 31	\$172,315	\$371,473	\$543,788

See accompanying notes to the financial statements.

JACKSON COUNTY BOARD OF HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Jackson County Board of Health District, Jackson 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 and environmental licenses and permits. The Jackson County Auditor serves as fiscal agent for the District and is responsible for fiscal control of the resources.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund.

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

Help Me Grow (HMG) Fund - This fund receives fees for providing contractual services to qualifying clients of the Jackson County Family & Children First Council.

Solid Waste Fund - This fund receives fees from the Beech Hollow landfill for litter prevention.

JACKSON COUNTY BOARD OF HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Budgetary Process

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

Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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. 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 also 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 cancelled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

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. Fund Balance

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

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

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

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

JACKSON COUNTY BOARD OF HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. Fund Balance – (Continued)

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

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

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

NOTE 2 – BUDGETARY ACTIVITY

The District’s budgetary activity for the years ending December 31, 2019 was as follows:

2019 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$510,544	\$539,577	\$29,033
Special Revenue	941,964	1,168,288	226,324
<i>Total</i>	\$1,452,508	\$1,707,865	\$255,357

2019 Budgeted vs. Actual Budgetary Disbursements			
	Appropriation	Budgetary	
Fund Type	Authority	Disbursements	Variance
General	\$499,535	\$492,278	\$7,257
Special Revenue	1,094,259	1,020,968	73,291
<i>Total</i>	\$1,593,794	\$1,513,246	\$80,548

JACKSON COUNTY BOARD OF HEALTH DISTRICT
Notes to the Financial Statements
For the Year Ended December 31, 2019

NOTE 3 – INTERGOVERNMENTAL FUNDING

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

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$447,487 in 2019. The financial statements present these amounts as intergovernmental receipts.

NOTE 4 - DEFINED PENSION BENEFIT PLAN

The District's full-time 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 2019, 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 5 - POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefits postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualified 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 percent during calendar year 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

NOTE 6 - RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

NOTE 7 - CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



**Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

Jackson County District Board of Health
Jackson County
200 Main Street
Jackson, Ohio 45640

To the Board:

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 Governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Jackson County District Board of Health, Jackson County, Ohio (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 16, 2021, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District’s internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District’s financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Findings

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

Purpose of this Report

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



BHM CPA Group, Inc.
Piketon, Ohio
June 16, 2021

Jackson County District Board of Health
Jackson County
Schedule of Findings and Responses
December 31, 2020 and 2019

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

FINDING NUMBER	2020-001
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Material Weakness

The District should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets document compliance with finance-related legal and contractual requirements and prepare financial statements. As part of this accounting system, the District should have procedures in place for a review of transactions posted by the Fiscal Officer. Material misclassifications/adjustments were noted in the District's financial statements that required adjustment for 2019 and 2020.

To ensure the District's financial statements and notes to the financial statements are complete and accurate, the Fiscal Office should review the audit adjustments, the contracts, and Auditor of State Bulletin 2011-004 for guidance on the correct line items

Client Response: The Jackson County Health Department is aware of the misclassifications noted for the financial statements and has already been working with the Jackson County Auditor's Office to ensure classifications are made correctly going forward.

FINDING NUMBER	2020-002
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Material Weakness

AOS Bulletin 2000-008 provides guidance for cash basis accounting for on-behalf funding. In short, the Bulletin indicates that when a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made. In addition, the applicable budgetary legal requirements should be followed for the program the same as if the moneys were received and expended by the local government. Ohio Rev. Code § 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated.

During 2019, loan proceeds in the amount of \$191,743 from the Ohio Water Development Authority (OWDA) were not posted as intergovernmental revenue.

Client Response: The Jackson County Health Department acknowledges that the WPCLF funding from the OWDA were not posted as intergovernmental revenue from debt and principal forgiveness. The JCHD will post the funds from this program correctly in the future.

Jackson County District Board of Health
Jackson County
Schedule of Prior Audit Findings
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; Explain:
2018-001	Material Weakness – Maintain sufficient accounting records	No	Not Corrected – reissue as 2020-001
2018-002	Material Weakness – On Behalf Funding	No	Partially Corrected – reissue as 2020-002

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OHIO AUDITOR OF STATE KEITH FABER



JACKSON COUNTY COMBINED GENERAL HEALTH DISTRICT

JACKSON 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 9/14/2021

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