



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

OHIO AUDITOR OF STATE
KEITH FABER



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Health Board
Kenton-Hardin General Health District
175 West Franklin Street, Suite 120
Kenton, Ohio 43326

We have reviewed the *Independent Auditor's Report* of the Kenton-Hardin General Health District, Hardin 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 Kenton-Hardin General Health District is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 13, 2021

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**Kenton-Hardin General Health District Hardin
County**
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For the Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Kenton-Hardin General Health District
Hardin County
Courthouse Annex, Suite 120 175 W. Franklin Street
Kenton, Ohio 43326

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matter

As discussed in Note 12 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
July 23, 2021

Kenton-Hardin General Health District
Hardin 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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Federal Funds - Intergovernmental	\$ 33,230	\$ 154,449	\$ 187,679
State Funds - Intergovernmental	388,457	75,342	463,799
Inspection Fees	-	10,731	10,731
Permits	-	36,650	36,650
Other Fees	111,902	4,777	116,679
Licenses	-	48,471	48,471
Other Receipts	35,359	-	35,359
<i>Total Cash Receipts</i>	<u>568,948</u>	<u>330,420</u>	<u>899,368</u>
Cash Disbursements			
Current:			
Health:			
Salaries	166,890	209,061	375,951
Supplies	88,241	23,068	111,309
Remittances to State	29,096	10,604	39,700
Contracts - Services	20,901	32,405	53,306
Travel and Expenses	1,355	4,668	6,023
Compensation & Damages	5,326	-	5,326
Hospitalization	46,861	15,476	62,337
OPERS	21,487	12,316	33,803
Equipment	48,149	-	48,149
Other Expenses	46,470	2,632	49,102
<i>Total Cash Disbursements</i>	<u>474,776</u>	<u>310,230</u>	<u>785,006</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>94,172</u>	<u>20,190</u>	<u>114,362</u>
<i>Net Change in Fund Cash Balances</i>	94,172	20,190	114,362
<i>Fund Cash Balances, January 1</i>	<u>157,257</u>	<u>163,818</u>	<u>321,075</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 251,429</u>	<u>\$ 184,008</u>	<u>\$ 435,437</u>

See accompanying notes to the financial statements.

Kenton-Hardin General Health District
Hardin County
Notes to the Financial Statements
December 31, 2020

NOTE 1 - REPORTING ENTITY

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Kenton-Hardin General Health District, Hardin County, (the District) as a body corporate and politic. An eight-member Board and a Health Commissioner govern the District. Currently, one of the Board Member seats is not filled. 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 District's management believes these financial statements present all activities for which the District is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Basis

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.

B. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Infrastructure Grant Fund - This fund received Federal grant revenues for promoting the Emergency Preparedness and Infrastructure.

Maternal & Child Health Grant Fund - This fund received revenues for promoting the wellness of children.

Help Me Grow (HMG) Home Visiting Fund - This fund receives revenues for services provided to promote family well-being and supports parenting and developmental education. Funds collected are also being used to support General Operations of the Health Department.

**Kenton-Hardin General Health District
Hardin County**

**Notes to the Financial Statements
December 31, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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.

D. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually (except certain agency funds).

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

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

A summary of 2020 budgetary activity appears in Note 3.

E. Fund Balance

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

1. Non-spendable

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.

**Kenton-Hardin General Health District
Hardin County**

**Notes to the Financial Statements
December 31, 2020**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Balance (continued)

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

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

NOTE 3 - BUDGETARY ACTIVITY

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 583,500	\$ 568,948	\$ (14,552)
Special Revenue	456,449	330,420	\$ (126,029)
Total	\$ 1,039,949	\$ 899,368	\$ (140,581)

**Kenton-Hardin General Health District
Hardin County**

**Notes to the Financial Statements
December 31, 2020**

NOTE 3 - BUDGETARY ACTIVITY (CONTINUED)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 805,070	\$ 486,300	\$ 318,770
Special Revenue	459,892	312,365	\$ 147,527
Total	\$ 1,264,962	\$ 798,665	\$ 466,297

NOTE 4 – DEPOSITS AND INVESTMENTS

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

NOTE 5 - INTERGOVERNMENTAL FUNDING

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

NOTE 6 - RISK MANAGEMENT

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

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

The District is a member of the Public Entities Pool of Ohio (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:

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

**Kenton-Hardin General Health District
Hardin County**

**Notes to the Financial Statements
December 31, 2020**

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

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

NOTE 8 - POST EMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 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 9 - CONTINGENT LIABILITIES

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 10 – FUND BALANCES

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 11,524	\$ 2,135	\$ 13,659
Total	\$ 11,524	\$ 2,135	\$ 13,659

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

**Kenton-Hardin General Health District
Hardin County**

**Notes to the Financial Statements
December 31, 2020**

NOTE 11 – 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.

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

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Federal Funds - Intergovernmental	\$ 48,196	\$ -	\$ 48,196
State Funds - Intergovernmental	309,958	107,936	417,894
Inspection Fees	-	15,751	15,751
Permits	-	17,424	17,424
Other Fees	178,127	10,498	188,625
Licenses	-	45,853	45,853
Other Receipts	15,146	403	15,549
<i>Total Cash Receipts</i>	<u>551,427</u>	<u>197,865</u>	<u>749,292</u>
Cash Disbursements			
Current:			
Health:			
Salaries	284,840	93,080	377,920
Supplies	82,449	11,075	93,524
Remittances to State	31,454	8,682	40,136
Contracts - Services	27,341	45,739	73,080
Travel and Expenses	3,007	6,458	9,465
Compensation & Damages	4,938	-	4,938
Hospitalization	52,131	19,632	71,763
OPERS	43,092	14,636	57,728
Other Expenses	22,207	3,544	25,751
Debt Service:			
Principal Retirement	-	27,496	27,496
<i>Total Cash Disbursements</i>	<u>551,459</u>	<u>230,342</u>	<u>781,801</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>(32)</u>	<u>(32,477)</u>	<u>(32,509)</u>
Other Financing Receipts/(Disbursements)			
Proceeds from Loans	-	27,496	27,496
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>-</u>	<u>27,496</u>	<u>27,496</u>
<i>Net Change in Fund Cash Balances</i>	(32)	(4,981)	(5,013)
<i>Fund Cash Balances, January 1</i>	<u>157,289</u>	<u>168,799</u>	<u>326,088</u>
Fund Cash Balances, December 31			
Restricted	-	163,818	163,818
Assigned	34,270	-	34,270
Unassigned	122,987	-	122,987
<i>Fund Cash Balances, December 31</i>	<u>\$ 157,257</u>	<u>\$ 163,818</u>	<u>\$ 321,075</u>

See accompanying notes to the financial statements.

**Kenton-Hardin General Health District
Hardin County
Notes to the Financial Statements
December 31, 2019**

NOTE 1 - REPORTING ENTITY

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Kenton-Hardin General Health District, Hardin County, (the District) as a body corporate and politic. An eight-member Board and a Health Commissioner govern the District. Currently, two of the Board Member seats are not filled. 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 District's management believes these financial statements present all activities for which the District is financially accountable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Basis

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.

B. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Infrastructure Grant Fund - This fund received Federal grant revenues for promoting the Emergency Preparedness and Infrastructure.

Maternal & Child Health Grant Fund - This fund received revenues for promoting the wellness of children.

Help Me Grow (HMG) Home Visiting Fund - This fund receives revenues for services provided to promote family well-being and supports parenting and developmental education. Funds collected are also being used to support General Operations of the Health Department.

**Kenton-Hardin General Health District
Hardin County**

**Notes to the Financial Statements
December 31, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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.

D. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually (except certain agency funds).

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

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

A summary of 2019 budgetary activity appears in Note 3.

E. Fund Balance

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

1. Non-spendable

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

**Kenton-Hardin General Health District
Hardin County**

**Notes to the Financial Statements
December 31, 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Balance (continued)

2. Restricted

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

3. Committed

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

4. 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.

5. Unassigned

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

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

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 583,500	\$ 551,427	\$ (32,073)
Special Revenue	456,449	225,361	\$ (231,088)
Total	\$ 1,039,949	\$ 776,788	\$ (263,161)

**Kenton-Hardin General Health District
Hardin County**

**Notes to the Financial Statements
December 31, 2019**

NOTE 3 - BUDGETARY ACTIVITY (CONTINUED)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 805,070	\$ 585,729	\$ 219,341
Special Revenue	459,892	230,342	\$ 229,550
Total	\$ 1,264,962	\$ 816,071	\$ 448,891

NOTE 4 – DEPOSITS AND INVESTMENTS

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

NOTE 5 - INTERGOVERNMENTAL FUNDING

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

NOTE 6 - RISK MANAGEMENT

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

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

The District is a member of the Public Entities Pool of Ohio (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:

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

**Kenton-Hardin General Health District
Hardin County**

**Notes to the Financial Statements
December 31, 2019**

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The District 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 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

NOTE 8 - POST EMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 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 9 - CONTINGENT LIABILITIES

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.



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

Kenton-Hardin General Health District
Hardin County
Courthouse Annex, Suite 120 175 W. Franklin Street
Kenton, Ohio 43326

To the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Kenton-Hardin General Health District, Hardin County, (the District) and have issued our report thereon dated July 23, 2021, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measure will impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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



BHM CPA Group, Inc.
Piketon, Ohio
July 23, 2021

KENTON-HARDIN GENERAL HEALTH DISTRICT
HARDIN COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

FINDING NUMBER 2020-001

Material Weakness – Financial Reporting

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

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

- Intergovernmental Receipts;
- Miscellaneous Receipts;
- Proceeds from Loans;
- Principal Payments;
- Supplies Expenses;
- Equipment Expenses;
- Other Expenses

All of the above noted adjustments have been posted to the District's financial statements and accounting system.

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

Officials' Response: Kenton-Hardin Health Department is waiting on the official response from the State Auditor's regarding the recommendations. Once the final is received, corrections for 2021 will be made.

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OHIO AUDITOR OF STATE KEITH FABER



KENTON-HARDIN GENERAL HEALTH DISTRICT

HARDIN 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 9/23/2021

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