



OHIO AUDITOR OF STATE
KEITH FABER



**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Madison County - London City General Health District
Madison County
P.O. Box 467
London, Ohio 43140

To the Members of 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 combined total as of and for the year ended December 31, 2020 and for each governmental fund type combined total as of and for the year ended December 31, 2019, and related notes of the Madison County - London City General Health District, Madison 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 combined total as of and for the year ended December 31, 2020 and for each governmental fund type combined total 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 financial statements, the financial impact of COVID-19 and the continuing emergency measures may 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 September 21, 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.

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Keith Faber
Auditor of State
Columbus, Ohio

September 21, 2021

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Madison County-London City General Health District

Madison 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	\$743,976	\$0	\$743,976
Licenses, Permits, and Fees	174,137	511,158	685,295
Intergovernmental:	255,462	798,370	1,053,832
Miscellaneous	25,870	57,943	83,813
<i>Total Cash Receipts</i>	<u>1,199,445</u>	<u>1,367,471</u>	<u>2,566,916</u>
Cash Disbursements			
Current:			
Health:			
Salaries	181,584	951,143	1,132,727
Supplies	13,006	96,442	109,448
Travel	1,339	6,769	8,108
Advertising and Printing	386	0	386
PERS	25,120	135,574	160,694
Medicare	2,928	13,136	16,064
Miscellaneous/Other	118,244	52,243	170,487
Equipment	0	191,492	191,492
Insurance	54,810	128,701	183,511
Remittance to state	40,163	6,824	46,987
State Permits	115	8,989	9,104
Contract Services	92,359	83,716	176,075
Workers Comp	1,408	4,864	6,272
Educational / Materials	2,121	150	2,271
Utilities	13,252	0	13,252
<i>Total Cash Disbursements</i>	<u>546,835</u>	<u>1,680,043</u>	<u>2,226,878</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>652,610</u>	<u>(312,572)</u>	<u>340,038</u>
Other Financing Receipts (Disbursements)			
Advances In	9,637		9,637
Advances Out		(9,637)	(9,637)
Transfers In		372,167	372,167
Transfers Out	(352,000)	(20,167)	(372,167)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(342,363)</u>	<u>342,363</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	310,247	29,791	340,038
<i>Fund Cash Balances, January 1, 2020</i>	<u>1,155,431</u>	<u>309,012</u>	<u>1,464,443</u>
<i>Fund Cash Balances, December 31, 2020</i>	<u>\$1,465,678</u>	<u>\$338,803</u>	<u>\$1,804,481</u>

See accompanying notes to the basic financial statements

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON 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 Madison County – London City General Health District, Madison County, (the District) as a body corporate and politic. A five member Board and a Health Commissioner govern the District. The District was established as a contractual union of the London City Health District and the Madison County Health District. The District operates under Sections 3709.02 and 3709.07, Ohio Revised Code, Ohio Administrative Code and any programs deemed necessary by the District. The District's services include the recording of certificates of vital statistics, immunization clinics, inspections, public health nursing services and health related issues, 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

Basis of Presentation

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.

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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

Public Health Nursing – This fund receives fees for various services, including providing home nursing services to elderly and homebound persons, immunizations to children and adults, physicals and vision screening for children and supplying nursing services to schools.

Women, Infants, and Children (WIC) – This is a federal grant fund which accounts for the money received and disbursed for the Special Supplemental Nutrition Program.

Coronavirus – This is a federal grant fund which accounts for the money received

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2 - Summary of Significant Accounting Policies (Continued)

and disbursed for the purpose of vaccinating, testing and overall pandemic response to the general public against the Coronavirus.

Budgetary Process

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

1. Appropriations

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

2. 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.

3. 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 re-appropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2020:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,114,800	\$ 1,199,445	\$ (84,645)
Special Revenue	\$ 1,946,776	\$ 1,739,638	\$ 207,138
Total	\$ 3,061,576	\$ 2,939,083	\$ 122,493

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 3 - Budgetary Activity (Continued)

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 1,126,156	\$ 898,835	\$ 227,321
Special Revenue	\$ 1,892,411	\$ 1,700,210	\$ 192,201
Total	\$ 3,018,567	\$ 2,599,045	\$ 419,522

Note 4 - Deposits and Investments

As required by the Ohio Revised Code, the Madison 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.

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 \$743,976. The collections are reflected as subdivisions on the financial statements.

Note 6 – Interfund Balances

Outstanding advances at December 31, 2020, consisted of \$2,312 advanced to PHEP funds to provide working capital for operations or projects.

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. 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.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 9 – 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:

2020

Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

Note 10 – Contingent Liabilities

There are no pending claims or lawsuits.

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.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The District had no outstanding encumbrances at year-end.

Note 12 – COVID 19

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. The investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

NOTE 13 - OHIO DEPARTMENT OF HEALTH FUNDS

During the year ended December 31, 2020, the District received federal funding passed through the Ohio Department of Health as follows:

Federal Grantor	Department of Agriculture	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services
CFDA Number	10.557	93.074	93.994	93.217
Grant Title	WIC Administration	Public Health Emergency Preparedness	Reproductive Health and Wellness	Reproductive Health and Wellness
Project Number(s)	04910011WA1120 04910011WA1121	04910012PH1020 04910012PH1021	04910011RH0120	04910011RH0120 04910011RH0121
Federal Expenditures	\$ 192,221	\$ 88,274	\$ 30,838	\$ 5,355

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 13 - OHIO DEPARTMENT OF HEALTH FUNDS (Continued)

Federal Grantor	U.S. Department of Health and Human Services	U.S. Department of Treasury	U.S. Department of Treasury	U.S. Department of Transportation
CFDA Number	93.354	21.019	21.019	20.600
Grant Title	Coronavirus Reponse	Coronavirus Reponse Supplemental	COVID-19 Contact Tracing	State and Community Highway Safety
Project Number(s)	04910012CO0120	04910012CO0121	04910012CT0120	SC-2020 Madison County LCHD-00035 SC-2021 Madison County LCHD-000
Federal Expenditures	\$ 56,380	\$ 213,504	\$ 124,100	\$ 8,222

Madison County-London City General Health District

Madison 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	\$729,437	\$0	\$729,437
Licenses, Permits, and Fees	174,669	452,992	\$627,661
Intergovernmental:	239,516	346,082	\$585,598
EPA Sewer Repair Projects	0	120,058	\$120,058
Miscellaneous	14,161	13,950	\$28,111
<i>Total Cash Receipts</i>	<u>1,157,783</u>	<u>933,082</u>	<u>2,090,865</u>
Cash Disbursements			
Current:			
Health:			
Salaries	215,758	770,626	986,384
Supplies	12,171	81,629	93,800
Travel	3,739	14,718	18,457
Advertising and Printing	392	0	392
PERS	37,955	105,571	143,526
Medicare	2,984	10,570	13,554
Miscellaneous/Other	164,450	84,209	248,659
Equipment	1,557	9,354	10,911
Insurance	39,697	99,757	139,454
Remittance to state	0	7,206	7,206
State Permits	0	9,555	9,555
Contract Services	148,727	10,131	158,858
EPA Projects-Installer reimbursement		116,240	116,240
Workers Comp	1,723	5,551	7,274
Educational / Materials	3,285	475	3,760
Utilities	14,828	0	14,828
<i>Total Cash Disbursements</i>	<u>647,266</u>	<u>1,325,592</u>	<u>1,972,858</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>510,517</u>	<u>(392,510)</u>	<u>118,007</u>
Other Financing Receipts (Disbursements)			
Advances In	8,051		8,051
Advances Out		(8,051)	(8,051)
Transfers In		493,092	493,092
Transfers Out	(476,000)	(17,092)	(493,092)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(467,949)</u>	<u>467,949</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	42,568	75,439	118,007
<i>Fund Cash Balances, January 1</i>	<u>1,112,863</u>	<u>233,573</u>	<u>1,346,436</u>
Fund Cash Balances, December 31			
Restricted	0	309,012	309,012
Assigned	11,356	0	11,356
Unassigned	1,144,075	0	1,144,075
<i>Fund Cash Balances, December 31</i>	<u>\$1,155,431</u>	<u>\$309,012</u>	<u>\$1,464,443</u>

See accompanying notes to the basic financial statements

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON 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 Madison County – London City General Health District, Madison County, (the District) as a body corporate and politic. A five member Board and a Health Commissioner govern the District. The District was established as a contractual union of the London City Health District and the Madison County Health District. The District operates under Sections 3709.02 and 3709.07, Ohio Revised Code, Ohio Administrative Code and any programs deemed necessary by the District. The District's services include the recording of certificates of vital statistics, immunization clinics, inspections, public health nursing services and health related issues, 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

Basis of Presentation

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.

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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

Public Health Nursing – This fund receives fees for various services, including providing home nursing services to elderly and homebound persons, immunizations to children and adults, physicals and vision screening for children and supplying nursing services to schools.

Women, Infants, and Children (WIC) – This is a federal grant fund which accounts for the money received and disbursed for the Special Supplemental Nutrition Program.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

1. Appropriations

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

2. 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.

3. 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 re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,090,511	\$ 1,157,783	\$ 67,272
Special Revenue	\$ 1,531,783	\$ 1,426,174	\$ (105,609)
Total	\$ 2,622,294	\$ 2,583,957	\$ (38,337)

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 3 - Budgetary Activity (Continued)

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 1,180,500	\$ 1,123,266	\$ 57,234
Special Revenue	\$ 1,513,340	\$ 1,342,684	\$ 170,656
Total	\$ 2,693,840	\$ 2,465,950	\$ 227,890

Note 4 - Deposits and Investments

As required by the Ohio Revised Code, the Madison 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.

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 \$729,437. The collections are reflected as subdivisions on the financial statements.

Note 6 – Interfund Balances

Outstanding advances as of December 31, 2019, consisted of \$11,949 advanced to provide working capital for operations or projects.

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. 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.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 9 – 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:

2019

Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

Note 10 – Contingent Liabilities

There are no pending claims or lawsuits.

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.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 11 – Fund Balances

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 Revenues</u>	<u>Total</u>
Restricted	\$0	\$309,012	\$309,012
Assigned	\$11,356	\$0	\$11,356
Unassigned	\$1,144,076	\$0	\$1,144,076
Total	\$1,155,431	\$309,012	\$1,464,443

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

Note 12 – COVID 19

The United States and the State of Ohio declared a state of emergency in March 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. The investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

NOTE 13 - OHIO DEPARTMENT OF HEALTH FUNDS

During the year ended December 31, 2019, the District received federal funding passed through the Ohio Department of Health as follows:

Federal Grantor	Department of Agriculture	U.S. Department of Health and Human Services	U.S. Department of Transportation
CFDA Number	10.557	93.074	20.600
Grant Title	WIC Administration	Public Health Emergency Preparedness	State and Community Highway Safety
Project Number(s)	04910011WA1119 04910011WA1120	04910012PH1019 04910012PH1020	SC-2019 Madison County LCHD-00035
Federal Expenditures	\$ 196,535	\$ 76,258	\$ 13,444

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OHIO AUDITOR OF STATE KEITH FABER



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

Madison County - London City General Health District
Madison County
P.O. Box 467
London, Ohio 43140

To the Members of 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 combined total as of and for the year ended December 31, 2020 and for each governmental fund type combined total as of for the year ended December 31, 2019, and related notes of the Madison County - London City General Health District, Madison County, (the District) and have issued our report thereon dated September 21, 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 and the financial impact of COVID-19 and the continuing emergency measures may 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 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*.

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.



Keith Faber
Auditor of State
Columbus, Ohio

September 21, 2021

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Accurate Financial Reporting – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to the lack of internal controls in place to ensure receipts, expenditures, and fund balances are properly classified on the financial statements, the following adjustments were posted to the financial statements and applicable footnote disclosures for the years ended December 31, 2019 and 2020:

- Receipts recorded as Subdivision totaling \$641,350 in 2019 and \$648,315 in 2020 were reclassified as Property taxes in the General Fund. Additional property tax receipts and miscellaneous expenditures of \$87,685 and \$95,661 were recorded in the General fund to account for the revenues being posted at net instead of gross in 2019 and 2020 respectively.
- 2019 Unrestricted General fund balance totaling \$1,112,864 was reclassified as unassigned, \$11,356 reclassified as assigned and an additional \$31,211 of unassigned balances were recorded.
- Transfers Out of \$8,051 and \$9,637 were reclassified as Advances Out in the Special Revenue Fund and transfers In of the same amounts were reclassified as Advances In in the General Fund for 2019 and 2020 respectively.

The 2019 footnote disclosures also required significant adjustments to the Budgetary Activity note and were found to be missing multiple disclosures: the reporting entity note, summary of significant accounting policies note, deposits and investment note, defined benefit pension plans note, postemployment benefits note, risk management note, contingent liabilities note, COVID-19 note, interfund balances note, and fund balance note were added.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the District’s Fiscal Officer establish control procedures to help ensure the accurate posting of all transactions to the ledgers. By exercising accuracy in recording financial activity, the District can reduce posting errors and increase the reliability of the financial data throughout the year.

Officials’ Response

Levy fund income has always been classified as subdivision payments. Since the County Auditor is the Auditor of the Health District (Ohio Revised Code Chapter 3709.31) Madison County London City General Health District will seek clarification from the Madison County Auditor for classification of levy funds into the future. The Health District believes this direction should come from the County Auditor.

**MADISON COUNTY – LONDON CITY GENERAL HEALTH DISTRICT
MADISON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Officials' Response (Continued)

Since multiple other agencies in the County receive levy income, the Health District will seek uniformity and alignment with other county agencies, as established by the County Auditor, and will correct this levy income classification issue. The Health District maintains that posting net property tax receipts is fair way of reporting and that posting gross with a debit of fees collected by the County Auditor is not fair reporting of expenses. The Health District does not directly incur expenses of the collection of levy income and property taxes. Posting as gross would logically and correspondingly require the Auditor to "charge" the Health District collection fees and recorded as expenses. Since the County Auditor is the Auditor of the Health District (Ohio Revised Code Chapter 3709.31) Madison County London City General Health District will seek clarification from the Madison County Auditor for this issue.

Auditor of State Conclusion

The classification of property tax receipts as such on the District's financial statements and the posting of these receipts at gross, helps to enhance the effectiveness and transparency of the District's financial statements.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness – Posting Receipts and Disbursements	Not Corrected	Re-issued as 2020-001.

OHIO AUDITOR OF STATE KEITH FABER



MADISON COUNTY-LONDON CITY GENERAL HEALTH DISTRICT

MADISON 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 11/4/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov