



OHIO AUDITOR OF STATE  
**KEITH FABER**





**PIKE COUNTY GENERAL HEALTH DISTRICT  
PIKE COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Pike County General Health District  
Pike County  
116 South Market Street  
Waverly, Ohio 45690

To the Board of Trustees:

### ***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 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 Pike County General Health District, Pike 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 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 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 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 13 to the 2020 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 November 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.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio  
November 23, 2021

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**Pike County General Health District**  
*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	Total (Memorandum Only)
Cash Receipts			
Intergovernmental	\$191,250	\$638,083	\$829,333
Charges for Services	0	580	580
Fines, Licenses and Permits	140,496	217,232	357,728
Miscellaneous	10,174	9,697	19,871
Total Cash Receipts	341,920	865,592	1,207,512
Cash Disbursements			
Current:			
Health:			
Salaries	60,175	353,316	413,491
Fringe Benefits	87,580	72,499	160,079
Supplies	71,815	54,923	126,738
Remittances to State	28,283	76,041	104,324
Contract Services	29,929	205,941	235,870
Travel	1,296	3,443	4,739
Other	10,860	0	10,860
Capital Outlay	1,915	24,149	26,064
Debt Service:			
Principal Repayments	0	134,757	134,757
Total Cash Disbursements	291,853	925,069	1,216,922
Excess of Receipts Over (Under) Disbursements	50,067	(59,477)	(9,410)
Other Financing Receipts (Disbursements)			
Proceeds from Sale of Building	150,000	0	150,000
Loan Proceeds	0	134,757	134,757
Transfers In	0	397	397
Advances In	35,000	156,250	191,250
Transfers Out	(397)	0	(397)
Advances Out	(156,250)	(35,000)	(191,250)
Total Other Financing Receipts (Disbursements)	28,353	256,404	284,757
Net Change in Fund Balances	78,420	196,927	275,347
Fund Cash Balances, January 1	314,315	345,955	660,270
Fund Cash Balances, December 31	\$392,735	\$542,882	\$935,617

See the accompanying notes to the basic financial statements.

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

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**Note 1 – Reporting Entity**

The Pike County General Health District, (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A seven-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 issuing health-related licenses and permits.

Pike County serves as fiscal agent for the District.

The District’s management believes this financial statement presents all activities for which the District is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

**Basis of Presentation**

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

**Fund Accounting**

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

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

*Special Revenue Funds* – These funds account for and report 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:

Water Pollution Control Loan Fund - This fund receives loan proceeds from the Ohio Water Development Authority for the Household Sewage Treatment Systems program, which is a program that allows counties and local health districts to assist low to moderate income homeowners with the repair or replacement of failing household sewage treatment systems along with connections to existing centralized sanitary sewer systems.

Miscellaneous Grants Fund - This fund receives grants to provide funding for additional costs incurred to manage the COVID-19 pandemic.

**Basis of Accounting**

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

This statement adequately discloses material matters the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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

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**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. 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 re-appropriated in the subsequent year.

A summary of 2020 budgetary activity appears in note 3.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balances**

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

*Assigned* – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*.

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

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*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 12.

**Note 3 – Budgetary Activity**

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

Budgeted vs. Actual Receipts			
Fund Type	Budgeted	Actual	Variance
General	\$686,930	\$526,920	(\$160,010)
Special Revenue	1,119,892	1,156,996	37,104
Total	\$1,806,822	\$1,683,916	(\$122,906)

Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$560,229	\$448,500	\$111,729
Special Revenue	1,204,690	960,069	244,621
Total	\$1,764,919	\$1,408,569	\$356,350

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Pike 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 township 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 statement presents these amounts as intergovernmental receipts.

**Note 6 – Interfund Balances**

During the year, the general fund advanced \$156,250 to the miscellaneous grants fund. Of this amount, \$35,000 was repaid during the year, leaving a balance of \$121,250 unpaid as of December 31, 2020.

**Note 7 – Risk Management**

The District is insured through Pike County, its fiscal agent. Pike County belongs to Buckeye Administrators, Inc., a risk sharing pool among twenty-eight counties in Ohio. The coverage includes comprehensive general liability, automobile liability, certain property insurance, and public officials’ errors and omissions liability insurance.

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

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**Note 8- Defined Benefit Pension Plans**

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, 2020.

**Note 9 – 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. 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 10 – Debt**

In 2019, the District entered into loan agreement #8507 with the Ohio Water Development Authority (OWDA) to participate in the 2019 HSTS Program under the Water Pollution Control Loan Fund Program. In 2020, the District received \$131,242 in loan proceeds, for a total of \$150,000 received over the life of this loan. The loan has been paid in full by principal forgiveness from OWDA.

In 2020, the District entered into loan agreement #8913 with the Ohio Water Development Authority (OWDA) to participate in the 2019 HSTS Program under the Water Pollution Control Loan Fund Program. In 2020, the District received \$3,515 in loan proceeds. The District has been authorized for up to a total of \$150,000. The loan has been paid in full by principal forgiveness from OWDA.

**Note 11 – Contingent Liabilities**

The 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.

The District is not currently party to litigation.

**Note 12 – Fund Balances**

The fund balances of special revenue funds are restricted for programs of the District.

**Note 13 – 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.

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

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During 2020, the District received CARES Act funding in the amount of \$486,051. These amounts were spent on additional staffing and other resources and supplies necessary to manage the COVID-19 pandemic. These funds were recorded in the miscellaneous grants special revenue fund.

**Note 14 – Subsequent Event**

The District estimated that 2021 estimated resources would fall below appropriations by \$49,749. During 2020, the District received \$49,743 in excess corporation tax settlements from the County. The District and the County opted to net the overpayment against the 2021 budgetary shortfall, resulting in the District only receiving the remaining \$6 from the County in 2021.

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**PIKE COUNTY GENERAL HEALTH DISTRICT**  
**Combined Statement of Cash Receipts, Cash 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
<b><u>Cash Receipts:</u></b>			
Intergovernmental	\$147,642	\$383,764	\$531,406
Charges for Services	0	972	972
Fines, Licenses and Permits	173,410	143,673	317,083
Miscellaneous	5,288	1,831	7,119
	<u>326,340</u>	<u>530,240</u>	<u>856,580</u>
Total Cash Receipts	<u>326,340</u>	<u>530,240</u>	<u>856,580</u>
<b><u>Cash Disbursements:</u></b>			
<i>Current:</i>			
<i>Health:</i>			
Salaries	185,002	169,700	354,702
Fringe Benefits	96,845	76,934	173,779
Supplies	86,428	8,377	94,805
Remittances to State	32,639	81,835	114,474
Contract Services	53,200	237,370	290,570
Travel	4,287	4,578	8,865
Other	5,863	200	6,063
Capital Outlay	4,633	1,139	5,772
<i>Debt Service:</i>			
Principal Retirement	0	218,758	218,758
	<u>468,897</u>	<u>798,891</u>	<u>1,267,788</u>
Total Cash Disbursements	<u>468,897</u>	<u>798,891</u>	<u>1,267,788</u>
Total Cash Receipts Over Cash Disbursements	<u>(142,557)</u>	<u>(268,651)</u>	<u>(411,208)</u>
<b><u>Other Financing Sources (Uses):</u></b>			
Proceed of Sale of Building	150,000	0	150,000
Loan Proceeds	0	218,758	218,758
	<u>150,000</u>	<u>218,758</u>	<u>368,758</u>
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>218,758</u>	<u>368,758</u>
Net Change in Fund Cash Balances	7,443	(49,893)	(42,450)
Fund Cash Balances, January 1	<u>306,872</u>	<u>395,848</u>	<u>702,720</u>
<i>Fund Cash Balances, December 31:</i>			
Restricted	0	345,955	345,955
Assigned	0	0	0
Unassigned	314,315	0	314,315
	<u>314,315</u>	<u>0</u>	<u>314,315</u>
<b><i>Fund Cash Balances, December 31</i></b>	<u><u>\$314,315</u></u>	<u><u>\$345,955</u></u>	<u><u>\$660,270</u></u>

See accompanying notes to the financial statements.

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**PIKE COUNTY GENERAL HEALTH DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

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**Note 1 – Summary of Significant Accounting Policies**

Description of the Entity

Pike County General Health District (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A seven-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

Pike County serves as fiscal agent for the District.

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

Basis of Presentation

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

Basis of Accounting

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

These statements adequately disclose material matters the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and Investments

As required by the Ohio Revised Code, the Pike 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.

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.

**PIKE COUNTY GENERAL HEALTH DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

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**Note 1 – Summary of Significant Accounting Policies** - (continued)

*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:

*Water Pollution Control Loan Fund* - This fund receives loan proceeds from the Ohio Water Development Authority for the Household Sewage Treatment Systems program, which is a program that allows counties and local health districts to assist low to moderate income homeowners with the repair or replacement of failing household sewage treatment systems along with connections to existing centralized sanitary sewer systems.

*Solid Waste Fund* - This fund receives license fees for landfill solid waste licenses.

**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. Unencumbered appropriations lapse at year end.

*Estimated Resources* – Estimated Resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. 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 re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 2.

**Fund Balances**

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

**PIKE COUNTY GENERAL HEALTH DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

**Note 1 – Summary of Significant Accounting Policies** - (continued)

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted or committed*.

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

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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 2 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$434,292	\$476,340	\$42,048
Special Revenue	528,500	748,998	220,498
<i>Total</i>	\$962,792	\$1,225,338	\$262,546

2019 Budgeted vs. Actual Budgetary Disbursements			
Fund Type	Appropriation	Budgetary	Variance
	Authority	Disbursements	
General	\$544,063	\$468,897	\$75,166
Special Revenue	842,436	798,891	43,545
<i>Total</i>	\$1,386,499	\$1,267,788	\$118,711

**PIKE COUNTY GENERAL HEALTH DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

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**Note 3 – Intergovernmental Funding**

The County apportions the excess of the District’s appropriations over other estimated receipts among the township 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 4- Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System (OPERS)*

**Plan Description** – All District employees participate in the Ohio Public Employee Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit plan with defined contribution features. While members (District employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS’ Traditional Plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS’ CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit.
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

**PIKE COUNTY GENERAL HEALTH DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

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**Note 4- Defined Benefit Pension Plans** - (continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	14.0%
Employee	10.0%
<b>2019 Actual Contribution Rates</b>	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits	0.0
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District’s contractually required contribution was \$49,588 for year 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.

**PIKE COUNTY GENERAL HEALTH DISTRICT**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2019**

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**Note 6 – Debt**

In 2018, the District entered into loan agreement #8060 with the Ohio Water Development Authority (OWDA) to participate in the 2018 HSTS Program under the Water Pollution Control Loan Fund Program. In 2019, the District received \$200,000 in loan proceeds, for a total of \$200,000 received over the life of this loan. The loan has been paid in full by principal forgiveness from OWDA.

In 2019, the District entered into loan agreement #8507 with the Ohio Water Development Authority (OWDA) to participate in the 2019 HSTS Program under the Water Pollution Control Loan Fund Program. In 2019, the District received \$18,758 in loan proceeds, for a total of \$150,000 received over the life of this loan. The loan has been paid in full by principal forgiveness from OWDA.

**Note 7 – Risk Management**

The District is insured through Pike County, its fiscal agent. Pike County belongs to the Buckeye Administrators, Inc., a risk sharing pool among twenty-eight counties in Ohio. The coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

**Note 8 – Contingent Liabilities**

The 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.



# OHIO AUDITOR OF STATE KEITH FABER



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Blue Ash, Ohio 45242-1817  
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SouthwestRegion@ohioauditor.gov

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

Pike County General Health District  
Pike County  
116 South Market Street  
Waverly, Ohio 45690

To the Board of Trustees:

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 as of and for the year ended December 31, 2019, and related notes of the Pike County General Health District, Pike County, (the District) and have issued our report thereon dated November 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 noted the financial impact of COVID-19 and the continuing emergency measures which 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 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 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  
November 23, 2021

**PIKE COUNTY GENERAL HEALTH DISTRICT  
PIKE COUNTY**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**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 deficiencies in the District's financial statement monitoring and review process, the following conditions were noted in relation to the 2019 reporting:

General Fund:

- Fines, Licenses and Permits were overstated and Intergovernmental receipts were understated in the amount of \$42,764.
- Assigned Fund Balance was overstated and Unassigned Fund Balance was understated in the amount of \$74,038.

Due to deficiencies in the District's financial statement monitoring and review process, the following conditions were noted in relation to the 2020 reporting:

General Fund:

- Fines, Licenses and Permits were overstated and Intergovernmental receipts were understated in the amount of \$7,626.

Special Revenue Fund:

- Fines, Licenses and Permits were overstated and Intergovernmental receipts were understated in the amount of \$50,000.

The District corrected the financial statements and their accounting system, where applicable, for all identified errors.

Failure to accurately post and report transactions could result in material errors in the District's financial statements and reduces the District's ability to monitor financial activity and to make sound decisions which affect the overall available cash position of the District.

The District should review and implement internal controls to ensure financial transactions are accurately recorded.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2020-002**

**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.

In addition, sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the District to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the District and the appropriation ledger provides the process by which the District controls spending, it is therefore necessary the amounts appropriated by the District are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the District and the receipts ledger provides the process by which the District controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The following conditions were noted in 2020:

- General Fund Budgeted Receipts were \$287,295 lower in the accounting system than the amount approved.
- Special Revenue Fund Appropriations were \$25,210 higher in the accounting system than the amount approved.

Budgetary Footnotes were found to be inaccurate by the amounts noted above. The Footnotes were corrected by the District.

The District did not have procedures in place to accurately post authorized budgetary measures to the accounting system and notes to the financial statements. The appropriations and amendments thereof approved by the Board were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources and amendments thereof were not properly posted to the accounting system. Further, amending resolutions did not state the amounts and accounts being amended.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the District should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The District should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**Officials' Response:**

We did not receive a response from Officials to this finding.



**Public Health**  
Prevent. Promote. Protect.

Pike County General  
Health District

# Pike County General Health District

## Administrative Division

116 S. Market Street  
Waverly, Ohio 45690

Phone 740-947-7721 Fax 740-947-1109 [mbrewster@pike-health.org](mailto:mbrewster@pike-health.org)

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 and 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness: Improper Classification of various receipts and disbursements.	Not Corrected	Reissued as finding 2020-001



# OHIO AUDITOR OF STATE KEITH FABER



**PIKE COUNTY GENERAL HEALTH DISTRICT**

**PIKE 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 12/21/2021**

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](http://www.ohioauditor.gov)