

ASHLAND COUNTY DISTRICT BOARD OF HEALTH

ASHLAND COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2022 and 2021





88 East Broad Street
Columbus, Ohio 43215
IPARepor**t**@ohioauditor.gov
(800) 282-0370

Members of the Board
Ashland County District Board of Health
1211 Claremont Ave
Ashland, OH 44805

We have reviewed the *Independent Auditor's Report* of the Ashland County District Board of Health, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ashland County District Board of Health is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 18, 2023

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ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND COUNTY
Regular Audit
For the Years Ended December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

Ashland County District Board of Health
Ashland County
1763 State Route 60
Ashland, Ohio 44805

To the Board of Health:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Ashland County District Board of Health, Ashland County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 11 to the 2022 and 2021 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we


- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.



Charles E. Harris & Associates, Inc.

June 15, 2023

Ashland County District Board of Health
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 399,966	\$ -	\$ 399,966
Charges for Services	568,358	-	568,358
Fines, Licenses and Permits	84,126	122,267	206,393
Intergovernmental			
Grants	77,441	262,968	340,409
Other	30,885	-	30,885
Miscellaneous	34,608	46,556	81,164
<i>Total Cash Receipts</i>	<u>1,195,384</u>	<u>431,791</u>	<u>1,627,175</u>
Cash Disbursements			
Current:			
Health:			
Salaries	568,702	231,715	800,417
Benefits	212,468	46,618	259,086
Supplies And Materials	50,281	1,898	52,179
State Remittances	74,893	10,104	84,997
Travel	8,922	4,471	13,393
Contract Services	12,708	23,615	36,323
Other	123,226	141,680	264,906
Special Projects:			
HSTS	54,596	-	54,596
<i>Total Cash Disbursements</i>	<u>1,105,796</u>	<u>460,101</u>	<u>1,565,897</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	89,588	(28,310)	61,278
Other Financing Receipts (Disbursements)			
Transfers In	-	612,104	612,104
Transfers Out	(576,352)	(35,752)	(612,104)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(576,352)</u>	<u>576,352</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(486,764)	548,042	61,278
<i>Fund Cash Balances, January 1</i>	<u>1,340,030</u>	<u>710,832</u>	<u>2,050,862</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 853,266</u>	<u>\$ 1,258,874</u>	<u>\$ 2,112,140</u>

See accompanying notes to the financial statements

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ashland County District Board of Health (The District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, public health emergency preparedness, and issues health-related 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

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, which is organized on a fund type basis.

Fund Accounting

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

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

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

CARES Act Fund This fund accounts for and reports receipts of CARES Act money for the purpose of providing public health services to members of community.

Food Services The Food Service fund accounts for and records fines, licenses, and permits restricted for the use of providing food to the county.

Workforce Development The Workforce Development fund accounts for and records intergovernmental receipts restricted for the use of building up the workforce in the community.

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts). The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

Accumulated Leave

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

Fund Balance

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

Nonspendable The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District.

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022, follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,438,100	\$ 1,195,384	\$ (242,716)
Special Revenue	1,060,500	1,043,895	(16,605)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,835,352	\$ 1,682,148	\$ 153,204
Special Revenue	640,948	495,853	145,095

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Ashland 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 and Property Taxes

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.

Property Taxes

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

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

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

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Board of County Commissioners manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health and dental coverage through CEBCO: The County Employees Benefits Consortium of Ohio, the third-party administrator (TPA) of the program, which reviews and pays the claims. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$500,000 per employee per year. The family monthly premium is \$1,693, employee plus one premium is \$1,243, and single premiums were \$564 for medical.

Each full-time Health District employee receives a \$10,000 Life Insurance policy from Minnesota Life. The premium per employee is \$2 per month and is paid by the Health District.

The CEBCO sponsored Health & Wellness Plan charges the District a fee of \$25 annual fee per eligible/participatory employee.

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 6 – Risk Management (continued)

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

During 2022, the County of Ashland, which includes the District, contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible.

Coverage provided by CORSA is as follows:

- General Liability \$1,000,000
- Excess Liability \$9,000,000
- Law Enforcement Professional Liability \$1,000,000
- Public Officials Errors and Omissions Liability \$1,000,000
- Automobile Liability \$1,000,000
- Uninsured Motorists Liability \$250,000
- Cyber Liability \$1,000,000
- Building and Contents \$106,857,050
- Other Property Insurance Flood and Earthquake \$100,000,000
- Comprehensive Boiler and Machinery \$100,000,000
- Crime Insurance Faithful Performance \$1,000,000
- Money and Securities \$1,000,000
- Depositor's Forgery \$1,000,000
- Money Order and Counterfeit Paper \$1,000,000

There has been no significant reduction in insurance coverage from 2022 and settled claims have not exceeded this coverage in the past three years.

For 2022, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate are applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc., provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 6 – Risk Management (continued)

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% 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, 2022.

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. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0% during calendar year 2022. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suits, management believes that the resolution of any matters will not materially adversely affect the District's financial condition.

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

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2022

Note 10 – 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 facilitate effective cash planning and control. At year end, the District had no encumbrances.

The fund balance of special revenue funds could be 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 would be considered assigned.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Ashland County District Board of Health
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 401,007	\$ -	\$ 401,007
Charges for Services	871,066	-	871,066
Fines, Licenses and Permits	97,687	120,055	217,742
Intergovernmental			
Grants	189,117	570,547	759,664
Other	31,008	-	31,008
Miscellaneous	33,229	15,306	48,535
<i>Total Cash Receipts</i>	<u>1,623,114</u>	<u>705,908</u>	<u>2,329,022</u>
Cash Disbursements			
Current:			
Health:			
Salaries	476,088	269,950	746,038
Benefits	169,761	78,393	248,154
Supplies And Materials	40,030	9,934	49,964
State Remittances	71,755	9,400	81,155
Travel	7,239	3,332	10,571
Contract Services	12,990	101,269	114,259
Other	89,031	104,132	193,163
Special Projects:			
HSTS	17,689	-	17,689
<i>Total Cash Disbursements</i>	<u>884,583</u>	<u>576,410</u>	<u>1,460,993</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	738,531	129,498	868,029
Other Financing Receipts (Disbursements)			
Transfers In	337,376	535,474	872,850
Transfers Out	(433,424)	(439,426)	(872,850)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(96,048)</u>	<u>96,048</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	642,483	225,546	868,029
<i>Fund Cash Balances, January 1</i>	<u>697,547</u>	<u>485,286</u>	<u>1,182,833</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,340,030</u>	<u>\$ 710,832</u>	<u>\$ 2,050,862</u>

See accompanying notes to the financial statements

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Ashland County District Board of Health (The District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, public health emergency preparedness, and issues health-related 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

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, which is organized on a fund type basis.

Fund Accounting

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

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

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

CARES Act Fund – This fund accounts for and reports receipts of CARES Act money for the purpose of providing public health services to members of community.

Basis of Accounting

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

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

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts). The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

Accumulated Leave

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

Fund Balance

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

Nonspendable The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District.

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

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

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

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021, follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,905,350	\$ 1,960,490	\$ 55,140
Special Revenue	1,240,251	1,241,382	1,131

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,600,080	\$ 1,318,007	\$ 282,073
Special Revenue	1,152,511	1,015,836	136,675

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Ashland 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.

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 5 – Intergovernmental Funding and Property Taxes

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.

Property Taxes

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

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

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

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Board of County Commissioners manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health and dental coverage through CEBCO: The County Employees Benefits Consortium of Ohio, the third-party administrator (TPA) of the program, which reviews and pays the claims. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$500,000 per employee per year. The family monthly premium is \$1,693, employee plus one premium is \$1,243, and single premiums were \$564 for medical.

Each full-time Health District employee receives a \$10,000 Life Insurance policy from Minnesota Life. The premium per employee is \$2 per month and is paid by the Health District.

The CEBCO sponsored Health & Wellness Plan charges the District a fee of \$25 annual fee per eligible/participatory employee.

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

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 6 – Risk Management (continued)

During 2021, the County of Ashland, which includes the District, contracted with the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible.

Coverage provided by CORSA is as follows:

General Liability \$1,000,000
Excess Liability \$9,000,000
Law Enforcement Professional Liability \$1,000,000
Public Officials Errors and Omissions Liability \$1,000,000
Automobile Liability \$1,000,000
Uninsured Motorists Liability \$250,000
Cyber Liability \$1,000,000
Building and Contents \$106,857,050
Other Property Insurance Flood and Earthquake \$100,000,000
Comprehensive Boiler and Machinery \$100,000,000
Crime Insurance Faithful Performance \$1,000,000
Money and Securities \$1,000,000
Depositor's Forgery \$1,000,000
Money Order and Counterfeit Paper \$1,000,000

There has been no significant reduction in insurance coverage from 2021 and settled claims have not exceeded this coverage in the past three years.

For 2021, the County participated in the County Commissioners Association of Ohio Service Corporation, a workers' compensation group rating plan (plan). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate are applied to all counties in the Plan. Each county pays its workers' compensation premium to the State based on the rate for the Plan rather than the county's individual rate.

In order to allocate the savings derived by the formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc., provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the County is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any county leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Several 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% 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, 2021.

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. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during calendar year 2021.

Note 9 – Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suits, management believes that the resolution of any matters will not materially adversely affect the District's financial condition.

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

Note 10 – 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 facilitate effective cash planning and control. At year end, the District had no encumbrances.

The fund balance of special revenue funds could be 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 would be considered assigned.

Ashland County District Board of Health

Ashland County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Ashland County District Board of Health
Ashland County
1763 State Route 60
Ashland, Ohio 44805

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of Ashland County District Board of Health, Ashland County, (the District) and have issued our report thereon dated June 15, 2023, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all 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 2022-001 to be a material weakness.

Report on Compliance and Other Matters

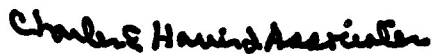
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 15, 2023

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2022 and 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2022-001 - Material Weakness

Financial Reporting

Audit Adjustments and Reclassifications:

The District erroneously recorded several transactions during 2022 and 2021. The more significant adjustments are as follows:

- In 2021, the General Fund had receipts in Miscellaneous of \$244,390 that were reclassified as Charges for Services.
- In 2021, the Special Revenue Funds had Transfers In of \$5,224 that were reclassified as Miscellaneous.
- In 2022, the General Fund had receipts in Miscellaneous of \$241,800 that were reclassified as Charges for Services.

The accompanying financial statements and the District's records have been adjusted to properly reflect these transactions.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements by the Business Manager and Board, to identify and correct errors and omissions.

Management Response:

See Corrective Action Plan

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH
ASHLAND COUNTY**

**CORRECTIVE ACTION PLAN
For the Years Ended December 31, 2022 and 2021
Prepared by Management**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	Aware of the issue. Will review financial reporting procedures	TBD	Jenny Helbert, Business Manager

OHIO AUDITOR OF STATE KEITH FABER



ASHLAND COUNTY DISTRICT BOARD OF HEALTH

ASHLAND 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 8/1/2023

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