



OHIO AUDITOR OF STATE
KEITH FABER



**DEFIANCE COUNTY GENERAL HEALTH DISTRICT
DEFIANCE COUNTY
DECEMBER 31, 2019 AND 2018**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2019	5
Notes to the Financial Statements – For the Year Ended December 31, 2019	6
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2018	12
Notes to the Financial Statements – For the Year Ended December 31, 2018	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	23

This page intentionally left blank.



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Defiance County General Health District
Defiance County
1300 East Second Street, Suite 100
Defiance, Ohio 43512-2484

To the Board Members:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Defiance County General Health District, Defiance County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2019 and 2018, 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 by fund type, and related notes of the Defiance County General Health District, Defiance County, Ohio as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2020, 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.



Keith Faber
Auditor of State

Columbus, Ohio

October 12, 2020

This page intentionally left blank.

**DEFIANCE COUNTY GENERAL HEALTH DISTRICT
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$759,833		\$759,833
Charges for Services	152,197	\$11,811	164,008
Fines, Licenses and Permits		220,829	220,829
Intergovernmental	119,950	517,293	637,243
Contributions	2,500	36,200	38,700
Reimbursements	16,400		16,400
Miscellaneous	16,485		16,485
<i>Total Cash Receipts</i>	<u>1,067,365</u>	<u>786,133</u>	<u>1,853,498</u>
Cash Disbursements			
Current:			
Health:			
Salaries	499,866	302,044	801,910
Supplies	10,919	15,695	26,614
Equipment/Repairs	8,440	4,128	12,568
Contract Services	44,877	34,438	79,315
Telephone	6,423	3,625	10,048
Travel	8,221	8,478	16,699
Advertising	475		475
Rent	61,333	39,667	101,000
FICA	342		342
Insurance	159,660	103,591	263,251
Public Employees Retirement	69,449	42,010	111,459
Remittances to State	60,047	14,181	74,228
Settlement Deductions	16,722		16,722
Other	16,190	126,181	142,371
<i>Total Cash Disbursements</i>	<u>962,964</u>	<u>694,038</u>	<u>1,657,002</u>
<i>Excess of Receipts Over Disbursements</i>	<u>104,401</u>	<u>92,095</u>	<u>196,496</u>
Other Financing Receipts (Disbursements)			
Transfers In		15,000	15,000
Transfers Out	(15,000)		(15,000)
Advances In	1,000		1,000
Advances Out		(1,000)	(1,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(14,000)</u>	<u>14,000</u>	
<i>Net Change in Fund Cash Balances</i>	90,401	106,095	196,496
<i>Fund Cash Balances, January 1</i>	<u>930,421</u>	<u>62,858</u>	<u>993,279</u>
Fund Cash Balances, December 31			
Restricted		168,953	168,953
Committed	39,477		39,477
Assigned	135,813		135,813
Unassigned	845,532		845,532
<i>Fund Cash Balances, December 31</i>	<u>\$1,020,822</u>	<u>\$168,953</u>	<u>\$1,189,775</u>

The notes to the financial statements are an integral part of this statement.

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Defiance County General Health District, Defiance County, Ohio (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include recording of vital statistics, investigations of food service facilities, water wells, sewers, campgrounds, swimming pools, immunization clinics, inspections, and they act upon various complaints made to the District Board of Health concerning the health and welfare of the County.

Jointly Governed Organization and Public Entity Risk Pool

The District participates in a jointly governed organization, the Public Health Services Council of Ohio, and a public entity risk pool, the Public Entities Pool of Ohio (PEP). Notes 6 and 7 to the financial statements provide additional information for these entities. 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 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:

Women, Infants, and Children (WIC) Fund This is a Federal grant fund that accounts for the Special Supplemental Nutrition Program.

Basis of Accounting

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

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

Budgetary Process

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

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

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

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 2019 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

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

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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

Note 3 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$916,850	\$1,079,915	\$163,065
Special Revenue	750,948	825,683	74,735
Total	\$1,667,798	\$1,905,598	\$237,800

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,083,785	\$992,639	\$91,146
Special Revenue	774,162	716,463	57,699
Total	\$1,857,947	\$1,709,102	\$148,845

The Health Termination Fund is legally budgeted as a separate Special Revenue Fund; however, this fund is considered part of the General Fund for financial reporting purposes thus disbursements will vary by \$9,875. General Fund actual disbursements and Special Revenue Fund actual receipts will vary from the financial statements by \$13,000 due to elimination of a transfer from the General Fund to the Special Revenue Health Termination Fund. In addition, General and Special Revenue Funds actual receipts and disbursements will vary from the financial statements by \$11,550 for advances repaid within 2019.

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Defiance 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 – Property Taxes

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.

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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 a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

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

Note 7 – Jointly Governed Organization

The District is a member of the Public Health Services Council of Ohio (the Council). The Council is a jointly governed organization created under the provisions of Chapter 167 of the Ohio Revised Code formed to coordinate the powers and duties of the member Boards to better serve and benefit public health in each of the Council's counties. The Council is made up of seven local member Boards of Health in Defiance, Fulton, Henry, Paulding, Putnam, Williams, and Wood Counties. The Council is governed by a Board of Directors consisting of the Health Commissioner (or appointed designee) from each of the participating Boards of Health. Each member County Board may cast a single vote on any Council meeting business that affects the services provided for the member Boards. Each member Board provides resources to the Council based on a membership fee and any participating County can individually elect to purchase services from the Council. The Board of Directors exercise total control over the operation of the Council including budgeting, contracting, purchasing, and designating management. The Council has retained the Mid East Ohio Regional Council (MEORC) to perform fiscal responsibilities for the Council. The District has no ongoing financial interest or responsibility for the Council. In 2019, the District paid membership dues of \$5,000 to the Council. Financial information can be obtained from Cathy Henthorn, Director of Financial Operations of MEORC, 1 Avalon Road, Mount Vernon, Ohio 43050.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

Social Security

The District's board members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

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 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the governmental funds are presented below:

Fund Balances	Governmental Fund Types		
	General	Special Revenue	Total
Restricted for			
Health Programs		\$47,414	\$47,414
Environmental Programs		96,546	96,546
Emergency Preparedness Programs		24,993	24,993
<i>Total Restricted</i>		<u>168,953</u>	<u>168,953</u>
Committed to			
Retirement Payments	<u>\$39,477</u>		<u>39,477</u>
Assigned to			
Subsequent Year Appropriations	<u>135,813</u>		<u>135,813</u>
Unassigned	<u>845,532</u>		<u>845,532</u>
<i>Total Fund Balances</i>	<u><u>\$1,020,822</u></u>	<u><u>\$168,953</u></u>	<u><u>\$1,189,775</u></u>

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 11 – Contingent Liabilities

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

Note 12 – Interfund Balances

Advances

During 2019, the District advanced \$1,000 from the Moms Quit for Two Fund to the General Fund. Outstanding advances due to the General Fund at December 31, 2019, consisted of \$3,000 advanced to the Safe Communities Fund to provide working capital for operations.

Transfers

During 2019, the following transfers were made:

	<u>Amount</u>
<u>Transfers from the General Fund to:</u>	
Private Water Fund	\$5,000
Sewage Systems Fund	<u>10,000</u>
	<u><u>\$15,000</u></u>

Transfers are used to move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**DEFIANCE COUNTY GENERAL HEALTH DISTRICT
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$707,787		\$707,787
Charges for Services	136,147	\$10,563	146,710
Fines, Licenses and Permits		150,319	150,319
Intergovernmental	126,483	549,695	676,178
Contributions	2,255	7,500	9,755
Reimbursements	10,825		10,825
Miscellaneous	13,639	650	14,289
<i>Total Cash Receipts</i>	<u>997,136</u>	<u>718,727</u>	<u>1,715,863</u>
Cash Disbursements			
Current:			
Health:			
Salaries	473,925	307,255	781,180
Supplies	12,724	13,949	26,673
Equipment/Repairs	4,186		4,186
Contract Services	109,325	16,576	125,901
Telephone	6,718	3,909	10,627
Travel	6,834	7,980	14,814
Advertising	845		845
Rent	59,796	39,158	98,954
FICA	288		288
Insurance	126,418	87,596	214,014
Public Employees Retirement	66,144	42,948	109,092
Remittances to State	55,182	14,418	69,600
Settlement Deductions	14,414		14,414
Other	13,721	251,575	265,296
<i>Total Cash Disbursements</i>	<u>950,520</u>	<u>785,364</u>	<u>1,735,884</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>46,616</u>	<u>(66,637)</u>	<u>(20,021)</u>
Other Financing Receipts (Disbursements)			
Transfers In		50,050	50,050
Transfers Out	(50,050)		(50,050)
Advances In	5,000	3,000	8,000
Advances Out	(3,000)	(5,000)	(8,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(48,050)</u>	<u>48,050</u>	
<i>Net Change in Fund Cash Balances</i>	(1,434)	(18,587)	(20,021)
<i>Fund Cash Balances, January 1</i>	<u>931,855</u>	<u>81,445</u>	<u>1,013,300</u>
Fund Cash Balances, December 31			
Restricted		62,858	62,858
Committed	36,352		36,352
Assigned	166,935		166,935
Unassigned	727,134		727,134
<i>Fund Cash Balances, December 31</i>	<u>\$930,421</u>	<u>\$62,858</u>	<u>\$993,279</u>

The notes to the financial statements are an integral part of this statement.

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Defiance County General Health District, Defiance County, Ohio (the District) as a body corporate and politic. A five-member Board and a Health Commissioner govern the District. The District's services include recording of vital statistics, investigations of food service facilities, water wells, sewers, campgrounds, swimming pools, immunization clinics, inspections, and they act upon various complaints made to the District Board of Health concerning the health and welfare of the County.

Jointly Governed Organization and Public Entity Risk Pool

The District participates in a jointly governed organization, the Public Health Services Council of Ohio, and a public entity risk pool, the Public Entities Pool of Ohio (PEP). Notes 6 and 7 to the financial statements provide additional information for these entities. 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 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:

Women, Infants, and Children (WIC) Fund This is a Federal grant fund that accounts for the Special Supplemental Nutrition Program.

Water Pollution Control Loan (WPCL) Fund This is a Federal grant fund that accounts for the Home Sewage Treatment Systems Program.

Basis of Accounting

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

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

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Budgetary Process

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

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

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

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 2018 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

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

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$923,900	\$1,022,536	\$98,636
Special Revenue	780,299	805,177	24,878
Total	\$1,704,199	\$1,827,713	\$123,514

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,154,915	\$1,031,771	\$123,144
Special Revenue	838,425	815,963	22,462
Total	\$1,993,340	\$1,847,734	\$145,606

The Health Termination Fund is legally budgeted as a separate Special Revenue Fund; however, this fund is considered part of the General Fund for financial reporting purposes thus disbursements will vary by \$5,199. General Fund actual disbursements and Special Revenue Fund actual receipts will vary from the financial statements by \$13,000 due to elimination of a transfer from the General Fund to the Special Revenue Health Termination Fund. In addition, General and Special Revenue Funds actual receipts and disbursements will vary from the financial statements by \$20,400 for advances repaid within 2018.

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Defiance 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 – Property Taxes

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.

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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 a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

Note 7 – Jointly Governed Organization

The District is a member of the Public Health Services Council of Ohio (the Council). The Council is a jointly governed organization created under the provisions of Chapter 167 of the Ohio Revised Code formed to coordinate the powers and duties of the member Boards to better serve and benefit public health in each of the Council's counties. The Council is made up of seven local member Boards of Health in Defiance, Fulton, Henry, Paulding, Putnam, Williams, and Wood Counties. The Council is governed by a Board of Directors consisting of the Health Commissioner (or appointed designee) from each of the participating Boards of Health. Each member County Board may cast a single vote on any Council meeting business that affects the services provided for the member Boards. Each member Board provides resources to the Council based on a membership fee and any participating County can individually elect to purchase services from the Council. The Board of Directors exercise total control over the operation of the Council including budgeting, contracting, purchasing, and designating management. The Council has retained the Mid East Ohio Regional Council (MEORC) to perform fiscal responsibilities for the Council. The District has no ongoing financial interest or responsibility for the Council. In 2018, the District paid membership dues of \$5,000 to the Council. Financial information can be obtained from Cathy Henthorn, Director of Financial Operations of MEORC, 1 Avalon Road, Mount Vernon, Ohio 43050.

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 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, 2018.

Social Security

The District's board members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

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 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the governmental funds are presented below:

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Fund Balances	Governmental Fund Types		
	General	Special Revenue	Total
Restricted for			
Health Programs		\$24,817	\$24,817
Environmental Programs		36,468	36,468
Emergency Preparedness Programs		1,573	1,573
<i>Total Restricted</i>		<u>62,858</u>	<u>62,858</u>
Committed to			
Retirement Payments	\$36,352		36,352
Assigned to			
Subsequent Year Appropriations	166,935		166,935
Unassigned	727,134		727,134
<i>Total Fund Balances</i>	<u>\$930,421</u>	<u>\$62,858</u>	<u>\$993,279</u>

Note 11 – Contingent Liabilities

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

Note 12 – Interfund Balances

Advances

During 2018, the following advances were made:

	<u>Amount</u>
<u>Advances from the General Fund to:</u>	
Safe Communities Fund	\$3,000
<u>Advances to the General Fund from:</u>	
Public Health Emergency Preparedness (PHEP) Fund	4,000
Moms Quit for Two Fund	1,000
	<u>5,000</u>
 Total Advances	 <u>\$8,000</u>

Outstanding advances due to the General Fund at December 31, 2018, consisted of \$3,000 advanced to the Safe Communities Fund and \$1,000 to the Moms Quit for Two Fund to provide working capital for operations.

Defiance County General Health District
Defiance County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Transfers

During 2018, the following transfers were made:

	<u>Amount</u>
<u>Transfers from the General Fund to:</u>	
Medical Reserve Corps Fund	\$1,500
Food Service Fund	10,000
Private Water Fund	10,000
Sewage Systems Fund	27,000
Manufactured Home Parks and Campgrounds Fund	<u>1,550</u>
 Total Transfers	 <u><u>\$50,050</u></u>

Transfers are used to move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Defiance County General Health District
Defiance County
1300 East Second Street, Suite 100
Defiance, Ohio 43512-2484

To the Board Members:

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 by fund type of the Defiance County General Health District, Defiance County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated October 12, 2020, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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

October 12, 2020



Defiance County General Health District
1300 East Second Street, Suite 100, Defiance, Ohio 43512
Phone 419-784-3818 Fax 419-782-4979
www.defiancecohealth.org

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	This finding was first reported in 2016. Significant deficiency for lack of monitoring of financial transactions resulting in errors in the financial statements	Partially corrected and reissued in the Management Letter.	An effort was made to correct prior audit posting errors, but additional errors were made and were not detected. The Fiscal Officer will continue to make an effort to correct this issue in the future.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



DEFIANCE COUNTY GENERAL HEALTH DISTRICT

DEFIANCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/5/2020

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