

Ross County Health District
Ross County
Regular Audit
For the Year Ended December 31, 2019





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Board of Health
Ross County Health District
150 East Second Street
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Ross County Health District, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2019 through December 31, 2019. 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 Ross County Health District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 12, 2020

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Ross County Health District
Table of Contents
For the Year Ended December 31, 2019

Title	Page
Independent Auditor's Report.....	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Cash Basis.....	4
Statement of Activities – Cash Basis	5
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds.....	6
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.....	7
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund	8
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis – Ross County WIC Fund.....	9
Notes to the Basic Financial Statements	10
Schedule of Federal Awards Expenditures.....	22
Notes to the Schedule of Federal Awards Expenditures	23
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	24
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	26
Schedule of Findings and Questioned Costs	28

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Independent Auditor's Report

Board of Health
Ross County Health District
Ross County
150 East Second Street
Chillicothe, Ohio 45601

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ross County Health District, Ross County, Ohio (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash basis of accounting Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ross County Health District, Ross County, Ohio, as of December 31, 2019, and the respective changes in cash financial position and the respective budgetary comparison for the General and Ross County WIC Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

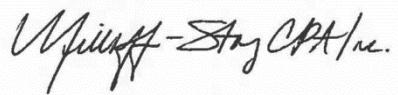
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Federal Awards Expenditures as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This Schedule of Federal Awards Expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Federal Awards Expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 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.



Millhuff-Stang CPA, Inc.
Portsmouth, Ohio

April 10, 2020

Ross County Health District
Statement of Net Position - Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Cash	\$1,232
Equity in County Treasury	<u>1,534,376</u>
 Total Assets	 <u>\$1,535,608</u>
 Net Position	
Restricted For:	
Other Purposes	\$177,776
Unrestricted	<u>1,357,832</u>
 Total Net Position	 <u>\$1,535,608</u>

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	
			Governmental Activities	
Governmental Activities				
Current:				
Children's Health	\$539,234	\$0	\$565,871	\$26,637
Environmental Health	485,879	350,208	25,000	(110,671)
Community Health	561,780	195,745	44,661	(321,374)
Administrative Services	763,608	339,274	14,645	(409,689)
Health Promotion	247,057	0	269,589	22,532
Capital Outlay	1,000	0	0	(1,000)
Debt Service:				
Principal	98,486	0	0	(98,486)
Interest	27,033	0	0	(27,033)
Total Governmental Activities	\$2,724,077	\$885,227	\$919,766	(919,084)
 General Receipts				
Property Taxes Levied for				
General Health District Purposes				1,370,392
Grants and Entitlements not Restricted				
to Specific Programs				45,106
Miscellaneous				<u>40,876</u>
Total General Receipts				1,456,374
 Change in Net Position				537,290
 Net Position Beginning of Year				<u>998,318</u>
 Net Position End of Year				<u>\$1,535,608</u>

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2019

	General	WIC	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	\$1,232	\$0	\$0	\$1,232
Equity in County Treasury	1,356,600	0	177,776	1,534,376
Total Assets	\$1,357,832	\$0	\$177,776	\$1,535,608
 Fund Balances				
Restricted	\$0	\$0	\$177,776	\$177,776
Unassigned	1,357,832	0	0	1,357,832
Total Fund Balances	\$1,357,832	\$0	\$177,776	\$1,535,608

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	WIC	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$1,370,392	\$0	\$0	\$1,370,392
Intergovernmental	59,751	531,553	373,568	964,872
Charges for Services	585,165	0	300,062	885,227
Miscellaneous	40,876	0	0	40,876
Total Receipts	2,056,184	531,553	673,630	3,261,367
Disbursements				
Current:				
Children's Health	0	515,249	23,985	539,234
Environmental Health	150,274	0	335,605	485,879
Community Health	454,217	0	107,563	561,780
Administrative Services	763,608	0	0	763,608
Health Promotion	0	0	247,057	247,057
Capital Outlay	1,000	0	0	1,000
Debt Service:				
Principal	73,029	13,127	12,330	98,486
Interest	20,046	3,603	3,384	27,033
Total Disbursements	1,462,174	531,979	729,924	2,724,077
Receipts Over (Under) Disbursements	594,010	(426)	(56,294)	537,290
Other Financing Sources (Uses)				
Transfers In	0	0	28,376	28,376
Advances In	55,450	37,387	6,533	99,370
Transfers Out	(28,376)	0	0	(28,376)
Advances Out	(43,920)	(36,961)	(18,489)	(99,370)
Total Other Financing Sources (Uses)	(16,846)	426	16,420	0
Net Change in Fund Balances	577,164	0	(39,874)	537,290
Beginning Fund Balances, January 1	780,668	0	217,650	998,318
Ending Fund Balances, December 31	\$1,357,832	\$0	\$177,776	\$1,535,608

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property Taxes	\$1,275,675	\$1,275,675	\$1,370,392	\$94,717
Intergovernmental	36,800	36,800	59,751	22,951
Charges for Services	245,000	257,000	339,287	82,287
Miscellaneous	525	9,014	40,863	31,849
Total Receipts	1,558,000	1,578,489	1,810,293	231,804
Disbursements				
Current:				
Administrative Services	751,569	802,668	763,608	39,060
Capital Outlay	3,000	4,540	1,000	3,540
Debt Service:				
Principal	52,570	52,570	51,728	842
Interest	14,430	14,430	14,199	231
Total Disbursements	821,569	874,208	830,535	43,673
Receipts Over Disbursements	736,431	704,281	979,758	275,477
Other Financing Sources (Uses)				
Advances In	0	0	55,450	55,450
Transfers Out	(648,996)	(648,996)	(414,908)	234,088
Advances Out	0	0	(43,920)	(43,920)
Total Other Financing Sources (Uses)	(648,996)	(648,996)	(403,378)	245,618
Net Change in Fund Balances	87,435	55,285	576,380	521,095
Beginning Fund Balances, January 1	779,909	779,909	779,909	0
Ending Fund Balances, December 31	\$867,344	\$835,194	\$1,356,289	\$521,095

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
WIC Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$448,127	\$601,568	\$531,553	(\$70,015)
Total Receipts	448,127	601,568	531,553	(70,015)
Disbursements				
Current:				
Children's Health	425,127	573,668	515,249	58,419
Debt Service:				
Principal	18,047	21,891	13,127	8,764
Interest	4,953	6,009	3,603	2,406
Total Disbursements	448,127	601,568	531,979	69,589
Receipts Under Disbursements	0	0	(426)	(426)
Other Financing Sources (Uses)				
Advances In	0	0	37,387	37,387
Advances Out	0	0	(36,961)	(36,961)
Total Other Financing Sources (Uses)	0	0	426	426
Net Change in Fund Balances	0	0	0	0
Beginning Fund Balances, January 1	0	0	0	0
Ending Fund Balances, December 31	\$0	\$0	\$0	\$0

See the accompanying notes to the basic financial statements.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Ross County Health District, Ross County, Ohio, (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is responsible for the administration of all health programs established by the Ohio Revised Code, the Ohio Department of Health, and the Public Health Council. Services provided by the District include, but are not limited to, the inspection and licensing of public health programs, community nursing activities, the control of communicable diseases, immunization clinics, and environmental health programs.

By law, the Ross County Auditor is the fiscal agent of the District.

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

Note 2 – Summary of Significant Account Policies

As discussed further in the basis of accounting section of this note, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position-cash basis and statement of activities-cash basis, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements and program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Fund Accounting

The District uses fund accounting 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 in one category: governmental.

Governmental Funds – Governmental funds are those through which most governmental functions of the District are financed. The following are the District's major governmental funds:

General Fund – The general fund is the general operating fund. It is used to account for all financial resources of the District, except for restricted resources requiring a separate accounting. The general fund balance is available for any purpose provided it is disbursed or transferred according to Ohio laws.

WIC Fund – The WIC fund accounts for federal WIC grant receipts passed through the Ohio Department of Health. This program provides nutrition education, supplemental foods, breastfeeding promotion and support, and referrals to health care to income eligible pregnant women, breastfeeding women, women who have had a baby in the past 6 months, infants and children up to 5 years of age.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District's Board. The District uses the object level within each function as its legal level of control.

Ohio Revised Code Section 5705.28(C)(1) requires the District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the District by about June 1 (forty-five days prior to July 15). The County Auditor cannot allocate property taxes from the municipalities and townships within the District if the filing has not been made.

Ohio Revised Code Section 3709.28 establishes budgetary requirements for the District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, the District must adopt an itemized appropriation measure. The appropriations measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the County Budget Commission. Subject to estimated resources, the District's Board may, by resolution, transfer appropriations from one appropriation item to another, reduce or

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the County Budget Commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate of estimated resources in effect at the time the final appropriations were passed by the District's Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriations passed by the District's Board during the year.

Cash and Investments

As required by the Ohio Revised Code, the County Treasurer is custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments, which are reported at the County Treasurer's carrying amount. As of December 31, 2019, the District's share of the County's cash and investment pool was \$1,534,376, which includes deposits in transit of \$4,980. All risks associated with cash and investments held at the Treasurer's Office are the responsibility of Ross County. Cash and investment disclosures for the County as a whole may be obtained from the Ross County Auditor's Office, 2 North Paint Street, Suite G, Chillicothe, Ohio 45601, (740) 702-3080.

The District maintains a bank account to hold District receipts during each month and then makes a monthly deposit to the County. The carrying amount of these deposits as of December 31, 2019 was \$1,232, and the bank balance was \$1,232. The entire balance was covered by federal depository insurance.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions cost-sharing pension plans when they are paid. As described in notes 4 and 5, the employer contributions include portions for pension benefits and for other postretirement benefits (OPEB).

Long-Term Obligations

The District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Net Position

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes is comprised primarily of resources restricted for grants. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available. None of the District's restricted net position is restricted by enabling legislation.

Fund Balances

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

Nonspendable – The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The District reported no nonspendable fund balances as of December 31, 2019.

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. The District reported no committed fund balances as of December 31, 2019.

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. The District reported no assigned fund balances as of December 31, 2019.

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 disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund Activity

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Note 3 – Levies and Intergovernmental Receipts

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the District. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all District operations for the year ended December 31, 2019 was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property	\$1,238,626,460
Public Utility Personal Property	<u>160,227,360</u>
Total	<u><u>\$1,398,853,820</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the County. The County Auditor periodically remits to the District its portion of the taxes collected.

Intergovernmental Receipts

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. These amounts are included in intergovernmental receipts on the accompanying basic financial statements.

Note 4 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

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

***Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

****This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$198,427 for the year 2019.

Note 5 – Post-Employment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2019.

Note 6 – Risk Management

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Insurance

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2018, PEP retained \$500,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2018 (the latest information available):

Assets	\$35,381,789
Liabilities	<u>(12,965,015)</u>
Net Position	<u><u>\$22,416,774</u></u>

As of December 31, 2018, the liabilities above include approximately \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$11.8 million of unpaid claims to be billed. The Pool's membership increased to 538 members in 2018. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2019, the District's share of these unpaid claims collectible in future years is approximately \$9,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2019	\$14,700

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Interfund Activity

The District had the following interfund transfers for the year ended December 31, 2019:

	Transfers In	Transfers Out
Major Fund:		
General Fund	\$0	\$28,376
Nonmajor Funds:		
Sewage Program	1,487	0
Water Systems	2,887	0
Home Visiting	24,002	0
Total Nonmajor Funds	<u>28,376</u>	<u>0</u>
Total All Funds	<u><u>\$28,376</u></u>	<u><u>\$28,376</u></u>

Transfers were made from the general fund to various special revenue funds to subsidize operations.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The District had the following interfund advances for the year ended December 31, 2019:

	Advances In	Advances Out
Major Funds:		
General Fund	\$55,450	\$43,920
WIC Fund	37,387	36,961
Nonmajor Funds:		
WIC Peer Program	2,336	2,053
PHEP	0	10,136
IPP	0	6,300
BJA Program	4,197	0
Total Nonmajor Funds	6,533	18,489
Total All Funds	\$99,370	\$99,370

Advances were made from the general fund to various special revenue funds to cover negative fund balances until pending grant money requests were received. These advances are expected to be repaid in 2020. Advances were made from various special revenue funds to the general fund to repay prior year advances.

Note 8 – Contingent Liabilities

Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

Litigation

The District is not currently party to legal proceedings.

Note 9 – Long-Term Obligations

Changes in the long-term obligations of the District during 2019 were as follows:

	Principal Outstanding at 1/1/19	Additions	Deletions	Principal Outstanding at 12/31/19	Amount Due in One Year
Governmental Activities:					
Capital Leases	\$1,351,662	\$0	(\$98,486)	\$1,253,176	\$100,455

In 2014, the District entered into a capitalized lease for the purchase of a building and for additional funds to renovate the building. Within the lease agreement, the District agreed that if it failed to pay rent or any other amount required to be paid within ten days after the due date or if the District remains in default under any other condition of the lease agreement for a period of thirty days after written notice from the lessor, the lessor may, at the lessor's option, without notice to the District, terminate the lease. Alternately, the lessor may reenter and take possession of the leased premises and remove all persons and properties therefrom, and re-let the premises or any part thereof, for all or any part of the remainder of the lease term to a party satisfactory of the lessor. If the lessor is

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

unable to re-let the premises after reasonable efforts to do so, or should the monthly rental be less than the agreed upon rental of the District, then the District shall pay the amount of the deficiency to the lessor.

The capital lease will be paid from the general fund, community health funds, environmental funds, health promotion funds, and the WIC fund.

Note 10 – Capital Leases – Lessee Disclosure

In 2014, the District entered into a capitalized lease for the purchase of a building and for additional funds to renovate the building. Capital lease payments have been reclassified and reflected as debt service disbursements in the basic financial statements.

At December 31, 2019, principal and interest requirements to retire the capital lease are as follows:

Year Ending December 31,	Capital Lease
2020	\$125,519
2021	125,518
2022	125,519
2023	125,519
2024	125,519
Thereafter	784,492
Total Debt Payments	1,412,086
Less: Interest	(158,910)
Total Principal	<u>\$1,253,176</u>

Note 11 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budgetary basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is as follows:

- As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a financial reporting basis. This includes the environmental health fund and the community health fund. Since these funds are budgeted separately, they are not included in the budgetary presentation for the general fund.

Note 12 – New Accounting Pronouncement

For fiscal year 2019, the District was required to implement Governmental Accounting Standard Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.” Among other things, Statement 88 clarifies which liabilities governments should include in their note disclosures related to debt. Statement No. 88 requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. Statement No. 88 also defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Statement No. 88 also requires governments to disclose additional essential debt-related information for all types of debt, including: a) amounts of unused lines of credit; b) assets pledged as collateral for debt; and c) terms specified in debt agreements related to significant: (a) events of default with finance-related consequences, (b)

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

termination events with finance-related consequences, and (c) subjective acceleration clauses. Statement No. 88 did not have an effect on beginning net position or fund balances, but changes to note disclosures have been incorporated in accordance with this new pronouncement.

Note 13 – 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 governmental funds. The constraints placed on fund balance for the major governmental funds and nonmajor governmental funds are presented below:

Fund Balances	General	WIC	Nonmajor Governmental Funds	Total Governmental Funds
<i>Restricted for</i>				
Children's Health	\$0	\$0	\$67,096	\$67,096
Environmental Health	0	0	59,573	59,573
Community Health	0	0	23,392	23,392
Health Promotion	0	0	27,715	27,715
<i>Total</i>	<i>0</i>	<i>0</i>	<i>177,776</i>	<i>177,776</i>
<i>Unassigned</i>	<i>1,357,832</i>	<i>0</i>	<i>0</i>	<i>1,357,832</i>
<i>Total</i>	<i>\$1,357,832</i>	<i>\$0</i>	<i>\$177,776</i>	<i>\$1,535,608</i>

Note 14 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID- 19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. 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.

Ross County Health District
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2019

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. Department of Agriculture			
<i>Passed through the Ohio Department of Health.</i>			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	07110011WA1219	10.557	441,143
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	07110011WA1320	10.557	114,821
Total Special Supplemental Nutrition Program for Women, Infants, and Children			<u>555,964</u>
Total U.S. Department of Agriculture			555,964
U.S. Department of Justice			
<i>Passed through Institute for Intergovernmental Research</i>			
Comprehensive Opioid Abuse Site-Based Program	2017-AR-BX-K003	16.838	4,197
Total U.S. Department of Justice			4,197
U.S. Department of Health and Human Services			
<i>Passed through the Ohio Department of Health.</i>			
Public Health Emergency Preparedness	07110012PH0918	93.074	8,624
Public Health Emergency Preparedness	07110012PH1019	93.074	36,872
Public Health Emergency Preparedness	07110012PH1120	93.074	30,528
Total Public Health Emergency Preparedness			<u>76,024</u>
Maternal and Child Health Services Block Grant to the States	07110011MP0117	93.994	985
Maternal and Child Health Services Block Grant to the States	07110011MP0218	93.994	3,081
Total Maternal and Child Health Services Block Grant			<u>4,066</u>
Injury Prevention and Control Research And State and Community Based Programs	07110014PD0319	93.136	64,550
Injury Prevention and Control Research And State and Community Based Programs	07110014DR0120	93.136	17,568
Total Prescription Drug Overdose Prevention			<u>82,118</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response:			
Public Health Crisis Response	07110014PD0319	93.354	58,684
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs - Financed in part by 2018 Prevention and Public Health Funds (PPHF)	07110014TU0120	93.305	2,813
Opioid STR	07110014IN0120	93.788	20,087
<i>Passed through Hopewell Health Centers, Inc.</i>			
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	P10RH33045-01	93.912	340
Total U.S. Department of Health and Human Services			244,132
Total Federal Financial Assistance			\$804,293

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

Ross County Health District
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended December 31, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ross County Health District (the District) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net assets of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Health
Ross County Health District
150 East Second Street
Chillicothe, Ohio 45601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ross County Health District, Ross County (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 10, 2020, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on 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 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Ross County Health District

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

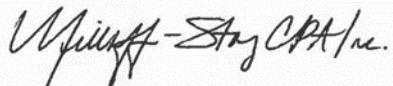
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Compliance and Other Matters

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 determination of financial statement amounts. 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*.

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.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

April 10, 2020



**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Health
Ross County Health District
150 East Second Street
Chillicothe, Ohio 45601

Report on Compliance for Each Major Federal Program

We have audited the Ross County Health District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2019. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Millhuff-Stang, CPA, Inc.
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Ross County Health District
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance

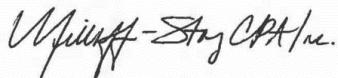
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

April 10, 2020

Ross County Health District
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified (Cash Basis)
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	Special Supplemental Nutrition Program for Women, Infants and Children, CFDA #10.557
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: All Others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

OHIO AUDITOR OF STATE KEITH FABER



ROSS COUNTY HEALTH DISTRICT

ROSS COUNTY

CLERK'S CERTIFICATION

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

A handwritten signature in black ink that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
JUNE 25, 2020