

***CAMBRIDGE – GUERNSEY COUNTY
HEALTH DEPARTMENT***

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018





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Board of Health
Cambridge-Guernsey General Health District
326 Highland Ave
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Cambridge-Guernsey General Health District, Guernsey County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 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 Cambridge-Guernsey General Health District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

August 10, 2020

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**CAMBRIDGE – GUERNSEY COUNTY
HEALTH DEPARTMENT**

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INDEPENDENT AUDITOR'S REPORT

Cambridge – Guernsey County Health Department
Guernsey County
326 Highland Avenue
Cambridge, Ohio 43725

To the Board of Health:

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 Cambridge - Guernsey County Health Department, Guernsey County, Ohio (the Department) 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 Department'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 Department'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 Department 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 Department 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 Department 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 Cambridge – Guernsey County Health Department, Guernsey 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 10 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Department. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2020, on our consideration of the Department'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 Department's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 28, 2020

**CAMBRIDGE - GUERNSEY COUNTY HEALTH DEPARTMENT
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 806,100	\$ -	\$ 806,100
Charges for Services	173,569	68,736	242,305
Fines, Licenses and Permits	96,898	104,881	201,779
Intergovernmental:			
Apportionments	11,200	-	11,200
Grants	-	358,729	358,729
Other	138,019	-	138,019
Contractual Services	67,047	-	67,047
Total Cash Receipts	<u>1,292,833</u>	<u>532,346</u>	<u>1,825,179</u>
Cash Disbursements			
Current:			
Health:			
Salaries	664,787	412,831	1,077,618
Fringe Benefits	146,589	26,270	172,859
Fees	-	5,336	5,336
Supplies	48,515	17,672	66,187
Equipment	8,757	6,262	15,019
Contracts - Services	108,624	8,608	117,232
Remittance to State	-	18,571	18,571
Advertising	1,686	-	1,686
Hospitalization	169,371	-	169,371
Other Expenses	117,177	11,441	128,618
Total Cash Disbursements	<u>1,265,506</u>	<u>506,991</u>	<u>1,772,497</u>
Total Cash Receipts Over/(Under) Cash Disbursements	27,327	25,355	52,682
Fund Cash Balances, January 1	<u>1,061,256</u>	<u>132,216</u>	<u>1,193,472</u>
Fund Cash Balances, December 31			
Restricted	-	157,571	157,571
Assigned	1,088,583	-	1,088,583
Fund Cash Balances, December 31	<u>\$ 1,088,583</u>	<u>\$ 157,571</u>	<u>\$ 1,246,154</u>

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

Cambridge – Guernsey County Health Department
Guernsey 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 Cambridge - Guernsey County Health Department, Guernsey County, (the Department) as a body corporate and politic. A five-member Board and a Health Commissioner govern the Department. The Department's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

Public Entity Risk Pool

The Department participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Department'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 Department 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 Department 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 Department 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 Department had the following significant Special Revenue Funds:

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

Public Health Emergency Preparedness Fund This fund receives Federal grant money to address bioterrorism and other public health threats and emergencies at the health department level.

Reproductive Wellness and Health Program Grant This fund receives federal money to provide women health services.

Cambridge – Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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

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

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

Encumbrances The Ohio Revised Code requires the Department to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Accumulated Leave

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

Property, Plant, and Equipment

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

Fund Balance

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

Nonspendable The Department 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.

Cambridge – Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Committed The Board can *commit* amounts via formal action (resolution). The Department 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 Department official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

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 Department 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	\$ 1,151,793	\$ 1,292,833	\$ 141,040
Special Revenue	513,229	532,346	19,117

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,141,658	\$ 1,336,837	\$ 804,821
Special Revenue	645,446	515,162	130,284

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Guernsey County Treasurer is custodian for the Department's deposits. The County's deposit and investment pool holds the Department's assets, valued at the Treasurer's reported carrying amount. Deposits and investment disclosures for the County as a whole can be obtained from the County. The Department's carrying amount of cash on deposit with the County as December 31, 2019, was \$1,246,154. The Guernsey County Treasurer's Office is located at 627 Wheeling Avenue # 201, Cambridge, Ohio 43725.

Cambridge – Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Intergovernmental Funding and Property Taxes

The Department was combined with the City of Cambridge Health Department in 1949, under Ohio Revised Code § 3709.07. The City contributes an annual amount to the Cambridge-Guernsey County Health Department for operations. The financial statements present these amounts as intergovernmental receipts.

The Guernsey County Commissioners serve as the taxing authority for two half-mill special levies outside the ten-mill limitation to provide the Department with sufficient funds for health programs. The levy generated \$806,100 in 2019. The financial statements present these amounts as property taxes. On November 3, 2009 the 6-year levy was passed as a replacement levy with collection beginning in 2011. On November 8, 2011 the 10-year levy was passed as a replacement levy with collection beginning 2013. On March 15, 2016 the 6-year levy was passed as a renewal levy with collection beginning with the 2016 tax duplicate.

Note 6 – Risk Management

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

Risk Pool Membership

The Department 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 Department'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

Cambridge – Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Department'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 Department contributed an amount equaling 14 percent of participants' gross salaries. The Department has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and 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 9 – Contingent Liabilities

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

Note 10 – 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 Department. The Department's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Department's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**CAMBRIDGE - GUERNSEY COUNTY HEALTH DEPARTMENT
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 798,761	\$ -	\$ 798,761
Charges for Services	126,578	66,192	192,770
Fines, Licenses and Permits	72,525	96,273	168,798
Intergovernmental:			
Apportionments	11,200	-	11,200
Grants	-	390,966	390,966
Other	139,360	-	139,360
Contractual Services	62,612	-	62,612
Total Cash Receipts	<u>1,211,036</u>	<u>553,431</u>	<u>1,764,467</u>
Cash Disbursements			
Current:			
Health:			
Salaries	636,921	415,793	1,052,714
Fringe Benefits	134,482	34,663	169,145
Supplies	62,221	25,078	87,299
Equipment	3,204	-	3,204
Contracts - Services	97,160	11,374	108,534
Fees	-	4,342	4,342
Remittance to State	-	16,910	16,910
Advertising	2,223	-	2,223
Hospitalization	153,516	-	153,516
Other Expenses	137,431	16,285	153,716
Total Cash Disbursements	<u>1,227,158</u>	<u>524,445</u>	<u>1,751,603</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(16,122)	28,986	12,864
Fund Cash Balances, January 1 (Restated) See Note 10	<u>1,077,378</u>	<u>103,230</u>	<u>1,180,608</u>
Fund Cash Balances, December 31			
Restricted	-	132,216	132,216
Assigned	<u>1,061,256</u>	<u>-</u>	<u>1,061,256</u>
Fund Cash Balances, December 31	<u>\$ 1,061,256</u>	<u>\$ 132,216</u>	<u>\$ 1,193,472</u>

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

Cambridge – Guernsey County Health Department
Guernsey 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 Cambridge - Guernsey County Health Department, Guernsey County, (the Department) as a body corporate and politic. A five-member Board and a Health Commissioner govern the Department. The Department's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

Public Entity Risk Pool

The Department participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Department'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

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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 Department had the following significant Special Revenue Funds:

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

Public Health Emergency Preparedness Fund This fund receives Federal grant money to address bioterrorism and other public health threats and emergencies at the health department level.

Reproductive Wellness and Health Program Grant This fund receives federal money to provide women health services.

Cambridge – Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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

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

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

Encumbrances The Ohio Revised Code requires the Department to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

Accumulated Leave

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

Property, Plant, and Equipment

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

Fund Balance

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

Nonspendable The Department 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.

Cambridge – Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Committed The Board can *commit* amounts via formal action (resolution). The Department 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 Department official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

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 Department 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	\$ 1,155,793	\$ 1,211,036	\$ 55,243
Special Revenue	553,431	553,431	-

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,233,171	\$ 1,292,986	\$ 940,185
Special Revenue	656,661	532,220	124,441

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Guernsey County Treasurer is custodian for the Department's deposits. The County's deposit and investment pool holds the Department's assets, valued at the Treasurer's reported carrying amount. Deposits and investment disclosures for the County as a whole can be obtained from the County. The Department's carrying amount of cash on deposit with the County as December 31, 2018, was \$1,193,472. The Guernsey County Treasurer's Office is located at 627 Wheeling Avenue # 201, Cambridge, Ohio 43725.

Cambridge – Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Intergovernmental Funding and Property Taxes

The Department was combined with the City of Cambridge Health Department in 1949, under Ohio Revised Code § 3709.07. The City contributes an annual amount to the Cambridge-Guernsey County Health Department for operations. The financial statements present these amounts as intergovernmental receipts.

The Guernsey County Commissioners serve as the taxing authority for two half-mill special levies outside the ten-mill limitation to provide the Department with sufficient funds for health programs. The levy generated \$798,761 in 2018. The financial statements present these amounts as property taxes. On November 3, 2009 the 6-year levy was passed as a replacement levy with collection beginning in 2011. On November 8, 2011 the 10-year levy was passed as a replacement levy with collection beginning 2013. On March 15, 2016 the 6-year levy was passed as a renewal levy with collection beginning with the 2016 tax duplicate.

Note 6 – Risk Management

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

Risk Pool Membership

The Department 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 Department'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

Cambridge – Guernsey County Health Department
Guernsey County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Department'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 Department contributed an amount equaling 14 percent of participants' gross salaries. The Department has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, and 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 9 – Contingent Liabilities

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

Note 10 – Prior Period Adjustment

The Family Planning fund balance of \$18,851 was included in the Department's Special Revenue Fund ending audited fund balance at December 31, 2017 and should have been included as part of the General Fund. The restated ending December 31, 2017 fund balance for the Special Revenue Fund is \$103,230 and for the General Fund is \$1,077,378.

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

Cambridge – Guernsey County Health Department
326 Highland Avenue
Cambridge, Ohio 43725

To the Department of Health:

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 Cambridge – Guernsey County Health Department, Guernsey County, (the Department) 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 July 28, 2020, wherein we noted the Department 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 ensuing emergency measures will impact subsequent periods of the Department.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Department's internal control over financial reporting (internal control) to determine the 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 Department's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

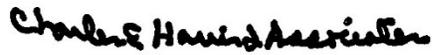
Compliance and Other Matters

As part of reasonably assuring whether the Department'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 determination of financial statement amounts. 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which described in the accompanying Schedule of Findings as item 2019-001.

We also noted certain other matters not requiring inclusion in this report that we reported to the Department's management in a separate letter dated July 28, 2020.

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 Department's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
July 28, 2020

**CAMBRIDGE-GUERSENY COUNTY HEALTH DEPARTMENT
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness and Non-Compliance

Ohio Revised Code Section 117.38 states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

We noted the following for the annual filings for 2018 and 2019:

- The Department selected the cash basis of accounting for the Hinkle filing but actually filed regulatory statements.
- The Department's filed individual statements by fund versus combined statements as required by the Auditor of State requirements.
- The Department filed many schedules and sheets not required by Ohio Revised Code 117.39.

We also noted the following adjustments and reclassifications for 2018 and 2019:

- The Family Planning Fund was classified as a Special Revenue when it should have been included with the General Fund.
- Fund balance in the General Fund was classified as unassigned when it should have been assigned.

The Department's audited financial statements were adjusted to report financial activity on a combined basis and to include the adjustments and reclassifications noted above.

We recommend the Department implement a control procedure to ensure the Annual Financial Reports are filed in conformity with the prescribed reporting form issued by the Auditor of State's office, including selecting the proper basis of accounting. Also, management perform a detailed review of its draft financial statements and notes. Such review should include procedures to ensure that all fund balances are properly identified and classified on the financial statements. The Administrator should refer to Governmental Accounting Standards Board Statement 54 and Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances and fund classification.

Management Response – See Corrective Action Plan

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**CAMBRIDGE-GUERNSEY COUNTY HEALTH DEPARTMENT
GUERNSEY COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018**

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2019-001	Administrator/Registrar will follow the guidance obtained during the current audit process to complete upcoming annual financial reports filed on the Hinkle System.	Immediately	Rose Ball, Administrator/Registrar

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OHIO AUDITOR OF STATE KEITH FABER



CAMBRIDGE – GUERNSEY COUNTY HEALTH DEPARTMENT

GUERNSEY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/20/2020

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