



**Auditor of State
Betty Montgomery**

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Perry County General Health District
Perry County
121 W. Brown Street, P.O. Box 230
New Lexington, Ohio 43764

To Members of the Board:

We have audited the accompanying financial statements of the Perry County General Health District, Perry County, Ohio (the "District"), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Perry County General Health District
Perry County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of management, the Board of Health and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 16, 2004

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$136,213	\$	\$136,213
Intergovernmental	21,266	153,865	175,131
Permits	179,491		179,491
Licenses	50,605		50,605
Contractual Services	20,000		20,000
Charges for Services	46,032		46,032
Other Receipts		110	110
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	453,607	153,975	607,582
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Salaries	121,980	76,185	198,165
Supplies	5,404	2,059	7,463
Remittances to State	189,859	4,200	194,059
Contracts - Services	22,656	11,527	34,183
Travel	4,045	1,599	5,644
Vehicles	0	1,186	1,186
Utilities and Rentals	3,215	62	3,277
Advertising and Printing	200	0	200
Public Employee's Retirement	20,580	13,123	33,703
Worker's Compensation	1,228	705	1,933
Other	41,553	38,168	79,721
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	410,720	148,814	559,534
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	42,887	5,161	48,048
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Cash Advance from County Auditor	0	3,576	3,576
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	3,576	3,576
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	42,887	8,737	51,624
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	16,905	34,052	50,957
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$59,792</u>	<u>\$42,789</u>	<u>\$102,581</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	<u>\$5,931</u>	<u>\$3,704</u>	<u>\$9,635</u>

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

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$120,720	\$	\$120,720
Intergovernmental	33,591	132,828	166,419
Permits	77,286		77,286
Licenses	46,414		46,414
Contractual Services	17,434		17,434
Charges for Services	32,617		32,617
Other Receipts		2,469	2,469
	<u>328,062</u>	<u>135,297</u>	<u>463,359</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	133,417	76,576	209,993
Supplies	3,088	10,620	13,708
Remittances to State	64,909	6,536	71,445
Equipment	0	293	293
Contracts - Services	7,947	14,946	22,893
Travel	5,705	1,769	7,474
Utilities and Rentals	3,347	1,281	4,628
Advertising and Printing	100	50	150
Public Employee's Retirement	18,902	9,365	28,267
Worker's Compensation	1,845	775	2,620
Unemployment compensation	8,762	0	8,762
Other	49,693	39,202	88,895
	<u>297,715</u>	<u>161,413</u>	<u>459,128</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>30,347</u>	<u>(26,116)</u>	<u>4,231</u>
Other Financing Receipts/(Disbursements):			
Repayment of Cash Advance from County Auditor	(19,749)		(19,749)
Total Other Financing Receipts/(Disbursements)	<u>(19,749)</u>	<u>0</u>	<u>(19,749)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,598	(26,116)	(15,518)
Fund Cash Balances, January 1 (restated)	<u>6,307</u>	<u>60,168</u>	<u>66,475</u>
Fund Cash Balances, December 31	<u>\$16,905</u>	<u>\$34,052</u>	<u>\$50,957</u>
Reserves for Encumbrances, December 31	<u>\$953</u>	<u>\$949</u>	<u>\$1,902</u>

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

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Perry County General Health District, Perry County (the District), is a general health district as defined by Ohio Revised Code § 3709.07. The District is directed by an appointed six-member Board and a Health Commissioner. The District provides inspection and licensing of food establishments, inspection of sewer and water systems, inspection and licensing of solid waste facilities, tuberculosis screening, inspection of trailer parks, birth and death certificates, administration of public health nursing programs and other related services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Cardiovascular Disease Risk Reduction Grant Fund – This fund receives grant money for the awareness of reducing blood pressure and cholesterol.

Coshocton-Fairfield-Licking Perry Solid Waste District Fund - This fund receives grant money in coordination with the Coshocton-Fairfield-Licking-Perry Solid Waste District to help oversee and determine the compliance of solid waste disposal sites with health regulations.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Environmental Protection Agency Grant Fund - This fund receives grant money to help teach school-age children the environmental laws and who to contact if they see a violation occurring.

Lice Prevention and Education Fund – This fund receives grant money to provide education and prevention materials to children and parents promoting personal hygiene.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

G. 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 basis of accounting.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$453,607	\$453,607	\$0
Special Revenue	157,551	157,551	0
Total	\$611,158	\$611,158	\$0

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$421,831	\$416,651	\$5,180
Special Revenue	178,219	152,518	25,701
Total	\$600,050	\$569,169	\$30,881

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$373,982	\$328,062	(\$45,920)
Special Revenue	130,982	135,297	4,315
Total	\$504,964	\$463,359	(\$41,605)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$311,746	\$318,417	(\$6,671)
Special Revenue	202,537	162,362	40,175
Total	\$514,283	\$480,779	\$33,504

Accountability and Compliance: Contrary to Ohio law, appropriations exceed estimated resources by \$14,031 in the EPA Picture Perry County Fund and budgetary expenditures exceeded appropriation authority by \$6,671 in the General Fund for the year ended December 31, 2002.

3. PROPERTY TAXES

The District received tax receipts from a seven-tenths mill levy authorized by the Perry County Board of County Commissioners, as a special taxing authority under ORC 3709.29. This ten-year levy will be collected through 2004. The District also received the proceeds of inside millage in the amount of \$10,000 annually. On November 2, 2004, a one mill operating levy was approved by the residents of Perry County. Management believes this levy will help alleviate some of the funding shortfalls experienced in previous years.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2003.

5. RISK MANAGEMENT

The District is insured through Perry County's risk management program. The County Risk Sharing Authority, Inc. (CORSA) is a public shared risk pool among thirty-nine counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property and public official errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The participating counties have no responsibility for the payment of the certificates. The County does not have an equity interest in or a financial responsibility for CORSA. Any additional premium or contribution amounts and estimates of losses are not reasonably determinable.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. 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

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. PRIOR PERIOD RESTATEMENT OF FUND BALANCE

The previous audit included an adjustment to reduce expenditures originally recorded in the General Fund and to properly reflect the expenditure of grant monies in the Special Revenue Funds. However, a certain amount of expenditures reflected in those Special Revenue Funds were overstated based on more current information becoming available. As a result, the following restatement of fund balances at January 1, 2002 was necessary:

Fund Type	Balance as Reported	Restatement Required	Restated Balance
General	\$22,305	(\$15,998)	\$6,307
Special Revenue	44,170	15,998	60,168
	\$66,475	\$0	\$66,475

8. MANAGEMENT'S PLANS REGARDING FINANCIAL STABILITY

During 2002 and 2003, the District continued to experience shortfalls with the General Fund revenues. The County Auditor periodically advanced funds to the District to meet cash needs. During 2002, the District repaid \$19,749 to the County Auditor which had been advanced during 2001. The District received a cash advance of \$3,576 during 2003 which remained outstanding at December 31, 2003.

Operating hours were reduced as a cost saving measure and, on November 2, 2004, a one mill operating levy was passed. Management continues to monitor the District's financial status and explore ways in which to increase financial stability.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Perry County General Health District
Perry County
121 W. Brown Street, P.O. Box 230
New Lexington, Ohio 43764

To Members of the Board:

We have audited the financial statements of the Perry County General Health District, Perry County, Ohio (the District), as of and for the years ended December 31, 2003 and 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-001 and 2003-002. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 16, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2003-001 through 2003-003.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider item 2003-003 listed above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 16, 2004.

This report is intended solely for the information and use of management and the Board of Health, and is not intended to be, and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 16, 2004

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Noncompliance Citation and Reportable Condition

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** - If the fiscal officer (County Auditor) can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (District) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.
2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. **Super Blanket Certificate** – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The District did not obtain the County Auditor's prior certification for 50 percent of the transactions tested in 2003 and 37 percent of the transactions tested in 2002, and there was no evidence that the fiscal officer followed the aforementioned exceptions.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2003-001 (Continued)

Noncompliance Citation and Reportable Condition (Continued)

Ohio Rev. Code § 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend the County Auditor certify that the funds are or will be available prior to an obligation being incurred by the District. When prior certification is not possible, "then and now" certification should be used.

FINDING NUMBER 2003-002

Noncompliance Citation and Reportable Condition

Ohio Rev. Code § 3709.28 requires the board of health of a general health district to annually, on or before the first Monday of April, adopt an itemized appropriation measure. The appropriation measure, together with an estimate in itemized form, of the several sources of revenue available to the district, including the amount due from the state for the next fiscal year as provided in Section 3709.32 of the Revised Code and the amount which the board anticipates will be collected in fees during the next ensuing fiscal year, shall be certified to the county auditor and by the county auditor submitted to the county budget commission which may reduce any item in such appropriation measure but may not increase any item or the aggregate of all items.

Although budgets were on file with the County Budget Commission, we found no evidence in the Board's minutes to indicate the Board had adopted an appropriation measure. Since these duties are statutorily assigned, the Board cannot delegate these duties. Without formal adoption of budgetary measures by the Board, the Board's intent concerning budgetary measures filed with the County Auditor by the administrative assistant or grant coordinator is not known.

Although the Administrative Assistant prepared a spreadsheet of budgetary comparisons on a quarterly basis, this procedure did not allow the Board to make informed budgetary decisions in a timely manner. Comparisons of the budgetary figures available revealed that appropriations exceeded estimated resources in the Abstinence Education Fund, Special Mini Grant Fund, EPA Picture Perry County Fund, and CFLP Solid Waste Fund by \$274, \$2,664, \$14,031 and \$688, respectively, for the year ended December 31, 2002, and in the CFLP Solid Waste Fund by \$170 for the year ended December 31, 2003.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2003-002 (Continued)

Noncompliance Citation and Reportable Condition (Continued)

We recommend that once the District's management provides the necessary input concerning needed budgetary modifications, the Board should formally adopt all budgetary measures through resolutions and document the adoption of the resolutions in the Board's minutes. The District should maintain budgetary files containing all Board approved budgetary measures and record on each budgetary measure the date it was certified to the County Auditor and the date it was recorded on the County Auditor's books. Budget vs. actual amounts should be presented to the Board each month to help assure that the District is in compliance with budgetary laws. Implementation of these procedures would also assure that budgetary measures are addressed by the Board in a timely manner and that all Board-authorized budgetary measures are recorded in the County Auditor's books.

FINDING NUMBER 2003-003

Material Weakness

The County Auditor submitted a packet of monthly reports, including an expenditure ledger, revenue ledger, and outstanding purchase order report, to the District for each fund managed by the District. These reports were sent to the District for the purpose of reconciling the District's independently maintained ledgers with the County's records.

During 2002 and 2003, District management did not maintain independent up-to-date expenditure and revenue ledgers to allow such a reconciliation to occur. As a result, the Board relied entirely upon the County Auditor's records when managing the District. Although the County Auditor acts as the statutory fiscal officer for the District, the District had established and maintained subsidiary records in the past which were used to manage the District's finances.

We recommend the Board determine the financial records to be maintained by District personnel and budget the resources to update the records on a monthly basis. Subsidiary records should be reconciled with the County Auditor's reports monthly.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-61064-001	Ohio Rev. Code Section 3709.28 - Failure to formally adopt budgetary items	No	Not corrected. Repeated as Finding Number 2003-002.
2001-61064-002	Ohio Rev. Code Section 5705.41(D)(1) – Failure to properly certify funds	No	Not corrected. Repeated as Finding Number 2003-001.
2001-61064-003	Ohio Rev. Code Section 5705.41(B) – Expenditures in excess of appropriations	No	Minor violations were noted and are now included in the management letter.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

PERRY COUNTY GENERAL HEALTH DISTRICT

PERRY 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.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 20, 2005**