



**PERRY COUNTY GENERAL HEALTH DISTRICT  
PERRY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005 - 2004**



**Auditor of State  
Betty Montgomery**



**PERRY COUNTY GENERAL HEALTH DISTRICT  
PERRY COUNTY  
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**Auditor of State  
Betty Montgomery**

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

To the Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

May 11, 2006

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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 the Members of the Board:

We have audited the accompanying financial statements of Perry County General Health District, Perry County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2005 or 2004, or its changes in financial position for the years then ended.

Also, 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 Perry County General Health District, Perry County, Ohio, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2006, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

May 11, 2006



**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, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Taxes	\$469,171	\$0	\$469,171
Intergovernmental	82,981	172,839	255,820
Permits	96,632		96,632
Licenses	36,023	119,800	155,823
Contractual services	5,607	11,265	16,872
Charges for Service	47,972		47,972
Other receipts		3,550	3,550
	<u>738,386</u>	<u>307,454</u>	<u>1,045,840</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Salaries	313,835	84,355	398,190
Supplies	12,454	2,016	14,470
Remittances to State	28,974	6,181	35,155
Equipment	13,023	4,061	17,084
Contracts - Services	16,353	65,075	81,428
Travel	14,442	3,578	18,020
Utilities and rentals	4,841		4,841
Advertising and printing	477	500	977
Public employee's retirement	31,268	8,617	39,885
Worker's compensation	3,906	832	4,738
Other	16,139	18,773	34,912
	<u>455,712</u>	<u>193,988</u>	<u>649,700</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>282,674</u>	<u>113,466</u>	<u>396,140</u>
Fund Cash Balances, January 1	<u>101,503</u>	<u>31,112</u>	<u>132,615</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$384,177</u></b>	<b><u>\$144,578</u></b>	<b><u>\$528,755</u></b>
Reserves for Encumbrances, December 31	<u>\$8,726</u>	<u>\$19,819</u>	<u>\$28,545</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, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Taxes	\$112,631	\$0	\$112,631
Intergovernmental	37,924	144,959	182,883
Permits	126,761		126,761
Licenses	23,324	59,900	83,224
Contractual services	20,000		20,000
Charges for services	47,267		47,267
Other receipts		3,823	3,823
	<u>367,907</u>	<u>208,682</u>	<u>576,589</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Salaries	210,085	116,948	327,033
Supplies	8,031	1,785	9,816
Remittances to State	24,468		24,468
Equipment	162	613	775
Contracts - Services	28,255	60,365	88,620
Travel	7,735	2,093	9,828
Utilities and rentals	2,985		2,985
Advertising and printing	149		149
Public employee's retirement	22,648	10,813	33,461
Worker's compensation	2,770	1,426	4,196
Other	18,908	26,316	45,224
	<u>326,196</u>	<u>220,359</u>	<u>546,555</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>41,711</u>	<u>(11,677)</u>	<u>30,034</u>
Fund Cash Balances, January 1	<u>59,792</u>	<u>42,789</u>	<u>102,581</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$101,503</u></b>	<b><u>\$31,112</u></b>	<b><u>\$132,615</u></b>
Reserves for Encumbrances, December 31	<u>\$14,248</u>	<u>\$1,191</u>	<u>\$15,439</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, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State's accounting basis requires.

**C. Cash**

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, 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 accounts for all financial resources except those restricted by law or contract.

**2. Special Revenue Funds**

These funds 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.

**PERRY COUNTY GENERAL HEALTH DISTRICT  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

**E. Budgetary Process**

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

A summary of 2005 and 2004 budgetary activity appears in Note 2.

**F. Property, Plant, and Equipment**

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

**G. 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.

**PERRY COUNTY GENERAL HEALTH DISTRICT  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$745,045	\$738,386	(\$6,659)
Special Revenue	263,416	307,454	44,038
Total	\$1,008,461	\$1,045,840	\$37,379

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$481,090	\$464,438	\$16,652
Special Revenue	264,490	213,807	50,683
Total	\$745,580	\$678,245	\$67,335

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$321,777	\$367,907	\$46,130
Special Revenue	223,902	208,682	(15,220)
Total	\$545,679	\$576,589	\$30,910

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$456,416	\$340,444	\$115,972
Special Revenue	254,463	221,550	32,913
Total	\$710,879	\$561,994	\$148,885

Contrary to Ohio Rev. Code Section 3709.28, appropriations exceeded estimated resources in certain funds, as more fully described in finding number 2005-002.

**3. PROPERTY TAXES**

The District received tax receipts through 2004 from a seven-tenths mill levy authorized by the Perry County Board of County Commissioners, as a special taxing authority under Ohio Rev. Code Section 3709.29. On November 2, 2004, a one mill operating levy was approved by the residents of Perry County. The District also receives the proceeds of inside millage in the amount of \$10,000 annually.

**PERRY COUNTY GENERAL HEALTH DISTRICT  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**4. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2005.

**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.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
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 the 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, 2005 and 2004, and have issued our report thereon dated May 11, 2006, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**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 in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. 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 judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2005-001.

A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 an opinion. An instance of material noncompliance is described in the accompanying Schedule of Findings as item 2005-002.

We intend this report solely for the information and use of the audit committee, management, and the members of the Board. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

May 11, 2006



**PERY COUNTY GENERAL HEALTH DISTRICT  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2005-001**

**Reportable Condition – Medicare and Medicaid Reimbursements**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring: 1) the accounting records are properly designed; 2) the adequate security of assets and records; and 3) the collection and compilation of the data needed for the timely preparation of financial statements.

The District received reimbursements from Medicaid and Medicare for certain immunizations. During 2004 and most of 2005, insufficient documentation was maintained to determine the amount of immunizations billed and reimbursements received from these agencies. This situation occurred over an extended period due to a lack of monitoring by District management.

As a result, District management was unable to determine those immunizations for which billing had not been made and this practice most likely resulted in lost revenue to the District. It was not practical for us to determine the extent of immunizations which went unbilled.

During 2005, the District hired a new staff member who has been billing Medicaid and Medicare for immunizations. Control over these billings now appears to be maintained by this staff member, as billings remaining without reimbursement have been followed up on and second billings have been sent out. However, monitoring procedures should be followed to assure that billings continue to be performed in a timely manner and that sufficient documentation is maintained.

We recommend the District continue to monitor the amounts of Medicaid and Medicare billed and collected from immunizations.

**FINDING NUMBER 2005-002**

**Noncompliance Citation – Appropriations in Excess of Estimated Resources**

Ohio Rev. Code Section 3709.28 requires a General Health District to limit appropriations to the amount of estimated resources as submitted to the county budget commission.

During 2004, the District's appropriations exceeded estimated resources as follows:

<b>Fund</b>	<b>Estimated Resources</b>	<b>Appropriations</b>	<b>Excess</b>
General	\$ 381,571	\$ 456,416	\$ 74,845
EPA Picture Perry County	\$ 145	\$ 893	\$ 748
Special Project	\$ 18,095	\$ 18,644	\$ 549

We recommend the District limit appropriations to available estimated resources since appropriations in excess of estimated resources could result in deficit spending. Prior to the District adopting any supplemental appropriations, District management should compare supplemental appropriations with estimated resources. In those cases where supplemental appropriations will be in excess of estimated resources, then increased amended certificates should be obtained or the Board should refrain from adopting supplemental appropriations.

**PERRY COUNTY GENERAL HEALTH DISTRICT  
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2003-001	Ohio Rev. Code Section 5705.41(D)(1) – Failure to properly certify funds.	Yes	
2003-002	Ohio Rev. Code Section 3709.28 – Failure to formally adopt budgetary items.	Yes	
2003-003	Failure to reconcile receipts and disbursements to County Auditor.	Yes	



**Auditor of State  
Betty Montgomery**

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**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  
JUNE 13, 2006**