



Dave Yost • Auditor of State

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

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Dave Yost • Auditor of State

Perry County General Health District
Perry County
212 S. Main St., Lower Level
New Lexington, Ohio 43764

To the Board of Health:

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 an 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 adverse 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.

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Dave Yost
Auditor of State

November 28, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Perry County General Health District
Perry County
212 S. Main St., Lower Level
New Lexington, Ohio 43764

To the Board of Health:

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, 2011 and 2010. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the District's larger (i.e., major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require health districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 of the Perry County General Health District, Perry County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2010 the General Health District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012, 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.

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Dave Yost
Auditor of State

November 28, 2012

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$496,999	\$341,930	\$838,929
Contracts	33,407		33,407
Charges for Services	41,851	355,285	397,136
Licenses	40,868	170,898	211,766
Permits	9,329	70,903	80,232
Other	2,549	6,131	8,680
<i>Total Cash Receipts</i>	<u>625,003</u>	<u>945,147</u>	<u>1,570,150</u>
Cash Disbursements			
Salaries	332,126	205,538	537,664
Supplies	10,050	25,058	35,108
Vehicle Expense		2,544	2,544
Remittances to State	14,154	242,149	256,303
Equipment	582	353	935
Medical Insurance	70,569	56,104	126,673
Contracts - Services	47,368	226,561	273,929
Training	3,219	885	4,104
Travel	7,649	9,761	17,410
Utilities & Rentals	8,872	3,188	12,060
Liability Insurance	1,919		1,919
Advertising & Printing	2,290	2,058	4,348
Public Employee's Retirement	46,884	27,771	74,655
Worker's Compensation	4,557	4,144	8,701
Life Insurance & Medicare	5,202	3,038	8,240
Other	486	35,163	35,649
<i>Total Cash Disbursements</i>	<u>555,927</u>	<u>844,315</u>	<u>1,400,242</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	69,076	100,832	169,908
<i>Fund Cash Balances, January 1</i>	<u>799,124</u>	<u>248,080</u>	<u>1,047,204</u>
Fund Cash Balances, December 31			
Restricted		113,597	113,597
Committed		359,762	359,762
Assigned	8,131		8,131
Unassigned (Deficit)	860,069	(124,447)	735,622
<i>Fund Cash Balances, December 31</i>	<u>\$868,200</u>	<u>\$348,912</u>	<u>\$1,217,112</u>

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

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$462,456	\$330,832	\$793,288
Contracts	77,333		77,333
Charges for Services	43,338	278,940	322,278
Licenses	22,613	172,319	194,932
Permits	13,744	61,716	75,460
Other		4,175	4,175
<i>Total Cash Receipts</i>	<u>619,484</u>	<u>847,982</u>	<u>1,467,466</u>
Cash Disbursements			
Salaries	288,449	255,118	543,567
Supplies	34,645	26,247	60,892
Vehicle Expense		4,247	4,247
Remittances to State	24,914	211,878	236,792
Equipment	2,268	38,351	40,619
Medical Insurance	56,792	50,967	107,759
Contracts - Services	18,816	298,229	317,045
Training	1,837	799	2,636
Travel	8,092	9,792	17,884
Utilities & Rentals	7,298	3,452	10,750
Liability Insurance	1,991		1,991
Advertising & Printing	1,964	302	2,266
Public Employee's Retirement	40,581	35,828	76,409
Worker's Compensation	7,244	9,984	17,228
Life Insurance & Medicare	4,552	3,830	8,382
Unemployment	1,392		1,392
Other	16,538	17,860	34,398
<i>Total Cash Disbursements</i>	<u>517,373</u>	<u>966,884</u>	<u>1,484,257</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>102,111</u>	<u>(118,902)</u>	<u>(16,791)</u>
Other Financing Receipts (Disbursements)			
Advances In		4,854	4,854
Advances Out		(4,854)	(4,854)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	102,111	(118,902)	(16,791)
<i>Fund Cash Balances, January 1</i>	<u>697,013</u>	<u>366,982</u>	<u>1,063,995</u>
Fund Cash Balances, December 31			
Restricted		28,709	28,709
Committed		284,241	284,241
Assigned	7,089		7,089
Unassigned (Deficit)	792,035	(64,870)	727,165
<i>Fund Cash Balances, December 31</i>	<u>\$799,124</u>	<u>\$248,080</u>	<u>\$1,047,204</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, 2011 AND 2010**

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. Accounting Basis

These financial statements follow the accounting basis 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

As required by the Ohio Revised Code, the Perry County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Coshocton Fairfield Licking Perry Solid Waste District Fund (CFLP) – 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. Revenue and expenditures resulting from annual licensing of the two municipal solid waste facilities in the county are also a part of this fund.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Public Health Infrastructure Grant Fund – This fund receives federal grant money passed through the Ohio Department of Health and is used for programs related to homeland security and disaster preparedness.

Construction and Demolition Debris Fund (C&DD) – This fund receives revenue for C&DD collected at the two municipal solid waste facilities in the county as per OEPA and ODNR regulations. The revenue is then distributed to the proper agencies, both State and local, as per the Ohio Revised Code.

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 fund, function or object level of control, and appropriations may not exceed estimated resources. The District Board must annually approve appropriation measures and subsequent amendments. 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. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District 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 2011 and 2010 budgetary activity appears in Note 2.

F. Fund Balance

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

1. Nonspendable

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

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. 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.

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. 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.

H. 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, 2011 AND 2010
(Continued)**

2. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$585,767	\$625,003	\$39,236
Special Revenue	952,533	945,147	(7,386)
Total	\$1,538,300	\$1,570,150	\$31,850

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$606,281	\$555,927	\$50,354
Special Revenue	1,103,130	844,315	258,815
Total	\$1,709,411	\$1,400,242	\$309,169

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$639,415	\$619,484	(\$19,931)
Special Revenue	849,535	847,982	(1,553)
Total	\$1,488,950	\$1,467,466	(\$21,484)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$575,461	\$517,373	\$58,088
Special Revenue	1,076,963	966,884	110,079
Total	\$1,652,424	\$1,484,257	\$168,167

3. Intergovernmental Funding

The Health District received tax receipts through 2011 from a one mill levy authorized by the Perry County Board of Commissioners, as a special taxing authority under Ohio Rev. Code Section 3709.29. The levy was approved by the residents of Perry County on November 2, 2004. Since the levy passage, the Board of Health has waived the annual collection of \$10,000 in inside millage and the \$20,000 from the City of New Lexington. The financial statements present these amounts as intergovernmental receipts.

4. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Risk Management

The District is a member of the Perry County 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 coverage 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 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.

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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
212 S. Main St., Lower Level
New Lexington, Ohio 43764

To the Board of Health:

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, 2011 and 2010, and have issued our report thereon dated November 28, 2012, 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 and adopted GASB Statement No. 54. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings, that we consider a significant deficiency in internal control over financial reporting. We consider Finding 2011-01 to be a significant deficiency. A significant deficiency is a deficiency, or 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.

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. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 28, 2012.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Health, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

November 28, 2012

PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2011-01

Significant Deficiency

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

The District failed to implement GASB Statement No. 54 requirements. This resulted in adjustments being necessary to the District's financial statements and additional disclosures being necessary in the District's notes to the basic financial statements. In addition, receipt and disbursement activity for Food Service, Plumbing, Swimming Pool and the Sewage Programs was removed from the General Fund and reported in separate Special Revenue funds. As a result, negative fund balances existed in the Food Service, Plumbing, and Sewage Funds at December 31, 2011 and 2010. These funds are clearly subsidized by the General Fund so transfers will be needed to offset any negative balances.

We recommend the District follow the requirements of GASB Statement No. 54 when preparing its financial statements each year. In addition, we recommend the District remain alert to all new accounting pronouncements and implement these requirements when required. In order to eliminate negative fund balances at year end, transfers should be made from the General Fund.

Officials' Response: The Perry County General Health District acknowledges the finding and has taken necessary steps to correct the deficiency by implementing the GASB54 accounting/reporting requirements. In the future, the Perry County General Health District will take every effort to stay properly informed of all accounting requirement changes which effect health districts.

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Dave Yost • Auditor of State

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
DECEMBER 11, 2012**