



OHIO AUDITOR OF STATE
KEITH FABER



**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2021	5
Notes to the Financial Statements – For the Year Ended December 31, 2021	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020	15
Notes to the Financial Statements – For the Year Ended December 31, 2020	17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	29

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INDEPENDENT AUDITOR'S REPORT

Perry County General Health District
Perry County
P.O. Box 230
New Lexington, Ohio 43764

To the Board of Health:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Perry County General Health District, Perry County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

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* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2021 and 2020, or the changes in financial position, thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 11 to the financial statements, during 2020, the District adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 7, 2023

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**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$813,987	\$774,844	\$1,588,831
Contracts	22,090	0	22,090
Charges for Services	140,962	2,308,784	2,449,746
Licenses	10,328	260,226	270,554
Permits	14,693	72,819	87,512
Other	7,200	17,231	24,431
<i>Total Cash Receipts</i>	<u>1,009,260</u>	<u>3,433,904</u>	<u>4,443,164</u>
Cash Disbursements			
Salaries	582,377	124,446	706,823
Supplies/Med Supplies	63,848	89,881	153,729
Vehicle Expense	0	2,675	2,675
Remittances to State	31,512	1,689,135	1,720,647
Equipment	580	20,209	20,789
Medical Insurance	116,453	73,401	189,854
Contracts - Services	40,608	903,317	943,925
Training	680	4,100	4,780
Travel	10,858	1,295	12,153
Utilities & Rentals	296	2,736	3,032
Liability Insurance	1,609	0	1,609
Advertising & Printing	(159)	11,178	11,019
Public Employee's Retirement	96,696	18,085	114,781
Worker's Compensation & Medicare	9,205	1,697	10,902
Life Insurance	452	228	680
Other	1,200	30,654	31,854
Returned Grant Dollars	0	25,316	25,316
<i>Total Cash Disbursements</i>	<u>956,215</u>	<u>2,998,353</u>	<u>3,954,568</u>
<i>Net Change in Fund Cash Balances</i>	53,045	435,551	488,596
<i>Fund Cash Balances, January 1, 2021</i>	<u>963,060</u>	<u>4,989,191</u>	<u>5,952,251</u>
<i>Fund Cash Balances, December 31, 2021</i>	<u><u>\$1,016,105</u></u>	<u><u>\$5,424,742</u></u>	<u><u>\$6,440,847</u></u>

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

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**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, permits, community health education services and vital statistics.

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 permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code 117-2-03(C). 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 117.38 and Ohio Administrative Code 117-2-03(C) permit.

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'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.

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 and reports all financial resources not accounted for and reported in another fund.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. 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 District had the following significant Special Revenue Fund:

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

There are also several grant funded projects which are each in an individual fund and are maintained and monitored on an individual basis.

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 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 2021 budgetary activity appears in Note 2.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Nonspendable

The District 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.

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.

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.

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, with 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 8.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$933,249	\$1,009,260	\$76,011
Special Revenue	2,717,039	3,433,904	716,865
Total	\$3,650,288	\$4,443,164	\$792,876

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,183,200	\$962,136	\$221,064
Special Revenue	4,048,089	3,287,043	761,046
Total	\$5,231,289	\$4,249,179	\$982,110

3. INTERGOVERNMENTAL FUNDING AND PROPERTY TAXES

Intergovernmental Fund Funding

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

3. INTERGOVERNMENTAL FUNDING AND PROPERTY TAXES (Continued)

The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Other Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the District.

4. RETIREMENT SYSTEMS

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 2021, 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, 2021.

5. 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, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. 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 2021.

6. 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 sixty-five 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.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

6. RISK MANAGEMENT (Continued)

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 certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The county does not have an equity interest in CORSA. Requests for financial information should be directed to the CORSA Managing Director, County Risk Sharing Authority, Inc., 209 East State Street, Columbus, Ohio, 43215.

7. INTERFUND BALANCES – ADVANCES

Outstanding advances from the District's General Fund at December 31, 2021, consisted of \$38,770 advanced to the Personal Responsibility Education Grant Fund, \$80,000 advanced to the Creating Health Communities Grant Fund, \$20,113 advanced to the United Way Grant Fund (\$17,700 for 2020), \$40,811 advanced to the Public Health Infrastructure Grant Fund, \$5,749 advanced to the TUPC Grant Fund, and \$9,000 advanced to the Safe Sleep Fund. These advances were made in the current year and prior years to provide monies for grant operations.

8. FUND BALANCES

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	5,924	228,690	234,614
Total	\$5,924	\$228,690	\$234,614

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would including the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)**

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. 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.

10. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$791,904	\$906,385	\$1,698,289
Contracts	27,159	17,809	44,968
Charges for Services	104,854	2,092,158	2,197,012
Licenses	5,975	198,017	203,992
Permits	14,576	74,595	89,171
Other	281,751	30,827	312,578
<i>Total Cash Receipts</i>	<u>1,226,219</u>	<u>3,319,791</u>	<u>4,546,010</u>
Cash Disbursements			
Salaries	533,473	126,404	659,877
Supplies/Med Supplies	18,664	18,292	36,956
Vehicle Expense	0	330	330
Remittances to State	26,893	1,203,109	1,230,002
Equipment	5,336	51,573	56,909
Medical Insurance	110,741	69,652	180,393
Contracts - Services	24,938	753,508	778,446
Training	95	50	145
Travel	7,165	1,746	8,911
Utilities & Rentals	3,943	1,150	5,093
Liability Insurance	1,493	0	1,493
Advertising & Printing	3,710	5,623	9,333
Public Employee's Retirement	79,980	16,688	96,668
Worker's Compensation & Medicare	8,743	1,731	10,474
Life Insurance	490	228	718
Other	59,164	1,488	60,652
Returned Grant Dollars	0	2,426	2,426
<i>Total Cash Disbursements</i>	<u>884,828</u>	<u>2,253,998</u>	<u>3,138,826</u>
<i>Net Change in Fund Cash Balances</i>	341,391	1,065,793	1,407,184
<i>Fund Cash Balances, January 1, 2020</i>	<u>621,669</u>	<u>3,923,398</u>	<u>4,545,067</u>
<i>Fund Cash Balances, December 31, 2020</i>	<u>\$963,060</u>	<u>\$4,989,191</u>	<u>\$5,952,251</u>

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

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**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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, permits, community health education services and vital statistics.

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 permitted by the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code 117-2-03(C). 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 117.38 and Ohio Administrative Code 117-2-03(C) permit.

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'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.

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 and reports all financial resources not accounted for and reported in another fund.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. 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 District had the following significant Special Revenue Fund:

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

There are also several grant funded projects which are each in an individual fund and are maintained and monitored on an individual basis.

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 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 2020 budgetary activity appears in Note 2.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Nonspendable

The District 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.

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.

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.

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, with 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 8.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$997,664	\$1,226,219	\$228,555
Special Revenue	3,043,447	3,319,791	276,344
Total	\$4,041,111	\$4,546,010	\$504,899

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,119,141	\$896,806	\$222,335
Special Revenue	3,442,391	2,811,390	631,001
Total	\$4,561,532	\$3,708,196	\$853,336

3. INTERGOVERNMENTAL FUNDING AND PROPERTY TAXES

Intergovernmental Fund Funding

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements present these amounts as intergovernmental receipts.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

3. INTERGOVERNMENTAL FUNDING AND PROPERTY TAXES (Continued)

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates.

The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include credits and/or deduction amounts the State pays as Other Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the District.

4. RETIREMENT SYSTEMS

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 2020, 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, 2020.

5. 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, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. 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 2020.

6. 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 sixty-five 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.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

6. RISK MANAGEMENT (Continued)

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 certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The county does not have an equity interest in CORSA. Requests for financial information should be directed to the CORSA Managing Director, County Risk Sharing Authority, Inc., 209 East State Street, Columbus, Ohio, 43215.

7. INTERFUND BALANCES – ADVANCES

Outstanding advances from the District's General Fund at December 31, 2020, consisted of \$38,770 advanced to the Personal Responsibility Education Grant Fund, \$80,000 advanced to the Creating Health Communities Grant Fund, \$17,700 advanced to the United Way Grant Fund, \$40,811 advanced to the Public Health Infrastructure Grant Fund, \$5,749 advanced to the TUPC Grant Fund, and \$9,000 advanced to the Safe Sleep Fund. These advances were made in the current year and prior years to provide monies for grant operations.

8. FUND BALANCES

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	11,978	557,391	569,369
Total	<u>\$11,978</u>	<u>\$557,391</u>	<u>\$569,369</u>

The fund balance of special revenue funds is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue funds would including the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. 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.

10. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2020, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

11. CHANGE IN ACCOUNTING PRINCIPLE

For 2020, the District has made changes to their cash basis reporting model. This change removes the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

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**INDEPENDENT AUDITOR'S 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
P.O. Box 230
New Lexington, Ohio 43764

To the Board of Health:

We have audited, in accordance the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Perry County General Health District, Perry County, Ohio (the District), and have issued our report thereon dated June 7, 2023, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. Additionally, we noted the District adopted a change in accounting principle in 2020 and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 7, 2023

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2021-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified. Auditor of State Bulletin 2020-008 supersedes Auditor of State Bulletin 2011-004 requirements to report the fund balances on the face of the financial statements and amend the related footnote disclosures for regulatory cash basis financial statement presentations beginning with periods ended on December 31, 2020.

We noted the following adjustments:

- For 2021 and 2020, the District reported GASB 54 fund balance classifications on the face of the financial statements contrary to Auditor of State Bulletin 2020-008. Additionally, the District failed to include the required fund balance note disclosure in their annual report.
- For 2021 and 2020, the District recorded several reimbursements made from one health district fund to another health district fund. Rather than reducing the expenditure in the fund that originally made the payment and posting the expenditure to the intended fund, the District recorded an expense in the original fund and a receipt in the receiving fund. This resulted in both receipts and disbursements being overstated in the receiving (reimbursed) fund.
 - During 2021, the General Fund Other Receipts were overstated by \$120,731 and Contract Receipts were overstated by \$874. Contract Service Expenditures were overstated by \$41,379, Salaries Expenditures were overstated by \$75,826, Advertising & Printing Expenditures were overstated by \$1,000, and Utilities & Rentals Expenditures were overstated by \$3,400;
 - During 2020, General Fund Other Receipts were overstated by \$171,585, Salaries Expenditures were overstated by \$97,265, Contract Service Expenditures were overstated by \$31,942, Utilities and Rental Expenditures were overstated by \$682, and Supplies Expenditures were overstated by \$41,696;
 - In addition, there were insignificant mispostings for reimbursements in the Special Revenue Funds in 2021 and 2020 ranging from \$449 to \$12,210.
- During 2021, landfill license receipts were improperly recorded as Intergovernmental and Charges for Services receipts in the CFLP Fund in the amounts of \$119,800 and \$59,900, respectively, rather than Licenses receipts.
- Variances were noted between amounts reported in the District's budgetary note disclosure and the District's budgetary documents, financial statements and supporting records.
 - In 2021, budgetary expenditure totals did not properly include outstanding encumbrances. This resulted in the General Fund budgetary expenditures being understated by \$5,924 and the Special Revenue budgetary expenditures being understated by \$288,690;

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2021-001 (Continued)

Material Weakness (Continued)

- In 2020, budgetary expenditure totals did not properly include outstanding encumbrances. This resulted in the General Fund budgetary expenditures being understated by \$11,978 and the Special Revenue budgetary expenditures being understated by \$557,391;
- Also in 2020, the Special Revenue budgeted receipts were reported as \$3,053,235 rather than \$3,043,447, General Fund appropriations were reported as \$1,051,248 rather than \$1,119,141, and the Special Revenue appropriations were reported as \$2,429,514 rather than \$3,442,391.
- Adjustments were made to the 2021 and 2020 Interfund Balances - Advances note disclosure to properly report all outstanding advances at year-end.

Adjustments to the financial statements and notes to the financial statements, with which management has agreed, are reflected in the accompanying financial statements and notes to the financial statements.

Sound financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures to identify and correct errors and omissions. In addition, the District should ensure the most up to date guidance is utilized in preparing the financial statements and the accompanying notes to the financial statements and reported amounts agree to supporting documentation prior to submission for audit.

Officials' Response: We did not receive a response from Officials to this finding.



Public Health
Prevent. Promote. Protect.
Perry County
Health Department

Perry County Health Department

409 Lincoln Park Dr. P.O. Box 230
New Lexington, Ohio 43764
Ph. 740-342-5179 Fax 740-342-5540
perrycountyhealthdepartment@perrycountyohio.net

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2021 and 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material Weakness for reporting of fund balance classifications and beginning fund balances.	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



PERRY COUNTY GENERAL HEALTH DISTRICT

PERRY 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 6/20/2023

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