



OHIO AUDITOR OF STATE
KEITH FABER



**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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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 Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Perry County General Health District, Perry County, Ohio (the District), as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the District, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 30, 2020

**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, 2019**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$694,027	\$335,171	\$1,029,198
Contracts	36,535	37,570	74,105
Charges for Services	156,771	1,883,978	2,040,749
Licenses	9,550	138,231	147,781
Permits	6,928	54,405	61,333
Other	17,602	22,939	40,541
<i>Total Cash Receipts</i>	<u>921,413</u>	<u>2,472,294</u>	<u>3,393,707</u>
Cash Disbursements			
Salaries	524,378	113,220	637,598
Supplies/Med Supplies	61,323	48,671	109,994
Vehicle Expense	0	1,665	1,665
Remittances to State	25,884	1,245,294	1,271,178
Equipment	4,289	8,581	12,870
Medical Insurance	146,193	66,005	212,198
Contracts - Services	43,902	569,875	613,777
Training	3,729	970	4,699
Travel	12,901	3,899	16,800
Utilities & Rentals	16,864	1,188	18,052
Liability Insurance	1,371	1	1,372
Advertising & Printing	2,771	14,263	17,034
Public Employee's Retirement	71,117	16,154	87,271
Worker's Compensation & Medicare	13,405	3,853	17,258
Life Insurance	456	228	684
Other	951	5,992	6,943
Returned Grant Dollars	0	8,674	8,674
<i>Total Cash Disbursements</i>	<u>929,534</u>	<u>2,108,533</u>	<u>3,038,067</u>
<i>Net Change in Fund Cash Balances</i>	(8,121)	363,761	355,640
<i>Fund Cash Balances, January 1</i>	<u>629,790</u>	<u>3,559,637</u>	<u>4,189,427</u>
Fund Cash Balances, December 31			
Restricted	0	3,923,398	3,923,398
Assigned	6,903	0	6,903
Unassigned	614,766	0	614,766
<i>Fund Cash Balances, December 31</i>	<u>\$621,669</u>	<u>\$3,923,398</u>	<u>\$4,545,067</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, 2019**

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(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code 117-2-03(D) 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, 2019
(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 2019 budgetary activity appears in Note 2.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,052,567	\$ 921,413	\$ (131,154)
Special Revenue	\$ 2,095,652	\$ 2,472,294	\$ 376,642
Total	\$ 3,148,219	\$ 3,393,707	\$ 245,488

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,051,248	\$ 936,437	\$ 114,811
Special Revenue	\$ 2,429,514	\$ 2,286,771	\$ 142,743
Total	\$ 3,480,762	\$ 3,223,208	\$ 257,554

3. INTERGOVERNMENTAL 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.

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.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

4. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2019, 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, 2019.

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 2019.

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.

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.

6. INTERFUND BALANCES – ADVANCES

Outstanding advances from the District's General Fund at December 31, 2019, consisted of \$38,770 advanced to the Personal Responsibility Education Grant Fund, \$80,000 advanced to the Creating Health Communities Grant Fund, \$20,913 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.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

7. 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.

8. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the 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.

**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, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$701,251	\$435,085	\$1,136,336
Contracts	63,545	41,400	104,945
Charges for Services	110,091	1,799,165	1,909,256
Licenses	15,023	205,563	220,586
Permits	14,209	64,269	78,478
Other	155	6,550	6,705
<i>Total Cash Receipts</i>	<u>904,274</u>	<u>2,552,032</u>	<u>3,456,306</u>
Cash Disbursements			
Salaries	434,994	157,459	592,453
Supplies/Med Supplies	37,669	35,917	73,586
Vehicle Expense	0	988	988
Remittances to State	26,898	1,217,230	1,244,128
Equipment	3,439	2,000	5,439
Medical Insurance	147,678	59,658	207,336
Contracts - Services	37,329	403,252	440,581
Training	1,977	1,040	3,017
Travel	11,072	4,661	15,733
Utilities & Rentals	16,530	600	17,130
Liability Insurance	1,356	5	1,361
Advertising & Printing	6,108	8,250	14,358
Public Employee's Retirement	60,371	22,218	82,589
Worker's Compensation & Medicare	11,993	4,369	16,362
Life Insurance	456	46	502
Other	370	14,391	14,761
Returned Grant Dollars	0	3,131	3,131
<i>Total Cash Disbursements</i>	<u>798,240</u>	<u>1,935,215</u>	<u>2,733,455</u>
<i>Excess of Receipts Over Disbursements</i>	<u>106,034</u>	<u>616,817</u>	<u>722,851</u>
Other Financing Receipts (Disbursements)			
Advances In	148,267	9,000	157,267
Advances Out	(9,000)	(148,267)	(157,267)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>139,267</u>	<u>(139,267)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	245,301	477,550	722,851
<i>Fund Cash Balances, January 1</i>	<u>384,489</u>	<u>3,082,087</u>	<u>3,466,576</u>
Fund Cash Balances, December 31			
Restricted	0	3,559,637	3,559,637
Assigned	6,800	0	6,800
Unassigned	622,990	0	622,990
<i>Fund Cash Balances, December 31</i>	<u>\$629,790</u>	<u>\$3,559,637</u>	<u>\$4,189,427</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, 2018**

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(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code 117.38 and Ohio Administrative Code 117-2-03(D) 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, 2018
(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.

The Health Department was awarded another grant from Ohio Department of Health in F fiscal year 2018. The grant and individual fund for this grant is labeled as the "Safe Sleep" grant.

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 2018 budgetary activity appears in Note 2.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(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 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,229,350	\$ 1,052,541	\$ (176,809)
Special Revenue	\$ 2,377,851	\$ 2,561,032	\$ 183,181
Total	\$ 3,607,201	\$ 3,613,573	\$ 6,372

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary	Variance
General	\$ 1,240,195	\$ 814,040	\$ 426,155
Special Revenue	\$ 3,204,609	\$ 2,420,263	\$ 784,346
Total	\$ 4,444,804	\$ 3,234,303	\$ 1,210,501

3. INTERGOVERNMENTAL 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.

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.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

4. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2018, 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, 2018.

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 2018.

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.

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.

6. INTERFUND BALANCES – ADVANCES

Outstanding advances from the District's General Fund at December 31, 2018, consisted of \$38,770 advanced to the Personal Responsibility Education Grant Fund, \$80,000 advanced to the Creating Health Communities Grant Fund, \$20,913 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.

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

7. 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.

8. SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the 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.

OHIO AUDITOR OF STATE KEITH FABER



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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 with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Perry County General Health District, Perry County, Ohio (the District), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated December 30, 2020 wherein we noted the District followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the 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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 30, 2020

**PERRY COUNTY GENERAL HEALTH DISTRICT
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

Material Weakness

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 and was codified as follows: GASB Cod. 1800.168-169 requires reporting funds whose revenue has external legal constraints as Restricted. GASB Cod. 1800.170-172 requires reporting funds whose revenue had constraints imposed by the Board, which could not be changed without Board approval, as Committed. GASB Cod. 1800.177 designates Unassigned fund balance as the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Auditor of State Bulletin 2011-004 requires local governments that prepare cash basis financial statements to implement these fund balance classifications and governmental fund type definitions.

The District did not properly classify its December 31, 2019 and 2018 governmental fund cash balances in accordance with GASB Statement No. 54. For 2019 and 2018, the District improperly reported various Special Revenue Fund balances as Committed rather than Restricted in the amounts of \$177,638 and \$360,022, respectively.

Additionally, the District failed to report the beginning fund balances on the 2019 financial statements for the General and Special Revenue Funds in the amounts of \$629,790 and \$3,559,637, respectively. In 2018, the beginning fund balances were understated by \$96 and \$245,521, in the General and Special Revenue Funds, respectively.

Failure to appropriately report and classify fund balances on the financial statements could result in the financial statements being misleading in regards to the nature of the restrictions imposed on the District's fund balances.

The Fiscal Officer should develop internal controls to ensure the financial statements of the District accurately classify and record fund balances. Also, the Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance regarding fund balance classifications.

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

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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 1/12/2021

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