



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Lawrence County
2122 S. Eighth Street
Ironton, Ohio 45638

To Members of the Board:

We have audited the accompanying financial statement of the District Board of Health, Lawrence County, Ohio (the District), as of and for the year ended December 31, 2003. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District Board of Health, Lawrence County, as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

District Board of Health
Lawrence County
Independent Accountant's Report
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This report is intended solely for the information and use of management, the Board of Health, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 25, 2004

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

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

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Local Taxes | \$145,532 | \$ | \$145,532 |
| Intergovernmental | 32,407 | 350,910 | 383,317 |
| Licenses, Permits, and Fees | 31,221 | 185,221 | 216,442 |
| Other Revenue | | 2,750 | 2,750 |
| | <u>209,160</u> | <u>538,881</u> | <u>748,041</u> |
| Total Cash Receipts | | | |
| | <u>209,160</u> | <u>538,881</u> | <u>748,041</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Salaries and Fringes | 85,988 | 286,645 | 372,633 |
| Supplies | 14,756 | 72,114 | 86,870 |
| Remittance to State | | 5,879 | 5,879 |
| Board Member Expense | 4,181 | | 4,181 |
| Equipment | | 34,552 | 34,552 |
| Contract Services | | 31,622 | 31,622 |
| Travel and Expenses | 30 | 17,542 | 17,572 |
| Motor Vehicle | | 245 | 245 |
| Advertising and Printing | 451 | | 451 |
| Public Employee's Retirement | 19,616 | 30,252 | 49,868 |
| Unemployment Compensation | 3,000 | | 3,000 |
| Other | 67,170 | 45,016 | 112,186 |
| | <u>195,192</u> | <u>523,867</u> | <u>719,059</u> |
| Total Cash Disbursements | | | |
| | <u>195,192</u> | <u>523,867</u> | <u>719,059</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | <u>13,968</u> | <u>15,014</u> | <u>28,982</u> |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | | 961 | 961 |
| Transfers-Out | | (961) | (961) |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Other Financing Receipts/(Disbursements) | | | |
| | <u>0</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <u>13,968</u> | <u>15,014</u> | <u>28,982</u> |
| Fund Cash Balances, January 1 | <u>48,865</u> | <u>203,869</u> | <u>252,734</u> |
| Fund Cash Balances, December 31 | <u>\$62,833</u> | <u>\$218,883</u> | <u>\$281,716</u> |
| Reserve for Encumbrances, December 31 | <u>\$241</u> | <u>\$18,223</u> | <u>\$18,464</u> |

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

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**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board of Health, Lawrence County (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a five-member Board and a Health Commissioner. Services provided by the District include environmental health programs such as the inspection and licensing of food service operations, retail food establishments, trailer parks, water systems, swimming pools and sewer systems as well as public health nursing programs such as family planning, child health, prenatal, immunization clinics, hearing and vision clinics.

The District's management believes the financial statement presents all activities for which the District is financially accountable.

B. Basis of Accounting

This financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Public Health Nursing Fund – This fund receives monies from the performance of health services to the public such as laboratory work, immunization and screenings.

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Child and Family Services Fund – This fund receives grant monies from the state to provide health services such as family planning, prenatal services and child health exams to clients who do not have access to adequate health care.

Public Health Infrastructure Fund – This fund receives money for training, to prepare staff in case of bioterrorism or an emergency such as natural disaster, and to purchase equipment to upgrade and improve communications. The District must also provide training and equipment for the City Health Department.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2003 follows:

| 2003 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|--------------------|--------------------|-----------|
| Fund Type | Budget Receipts | Actual Receipts | Variance |
| General | \$154,360 | \$209,160 | \$54,800 |
| Special Revenue | 354,291 | 539,842 | 185,551 |
| Total | \$508,651 | \$749,002 | \$240,351 |

| 2003 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$199,186 | \$195,433 | \$3,753 |
| Special Revenue | 624,545 | 543,051 | 81,494 |
| Total | \$823,731 | \$738,484 | \$85,247 |

Contrary to Ohio law, appropriations exceeded estimated resources in the Public Health Nursing Fund by \$4,400 and in the Public Health Infrastructure Fund by \$66,750 for the year ended December 31, 2003.

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. These amounts are included in intergovernmental receipts in the financial statements.

The County Commissioners are serving as a special taxing authority to levy a special levy outside the ten-mill limitation to provide the District with sufficient funds to carry out health programs. The levy generated \$145,532 in 2003. These amounts are included as Property Taxes in the financial statements.

4. RETIREMENT SYSTEM

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

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

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2003
(Continued)**

5. RISK MANAGEMENT

The Lawrence County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents, and vehicles (Buckeye Joint-County Self-Insurance Council). Vehicle policies include liability coverage for bodily injury and property damage. Real property contents are 90% coinsured. The District Board of Health is covered by these policies.

6. CONTINGENT LIABILITY

The District is party to legal proceedings. The District's management is of the opinion that ultimate disposition of this claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State
Betty Montgomery**

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

District Board of Health
Lawrence County
2122 S. Eighth Street
Ironton, Ohio 45638

To Members of the Board:

We have audited the accompanying financial statement of the District Board of Health, Lawrence County, Ohio (the District), as of and for the year ended December 31, 2003, and have issued our report thereon dated May 25, 2004. We conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2003-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated May 25, 2004.

District Board of Health
Lawrence County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

May 25, 2004

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003**

| |
|---|
| <p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p> |
|---|

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code Section 3709.28 requires that appropriations not exceed estimated resources as submitted to the County Budget Commission.

The appropriations exceeded estimated resources in the Public Health Nursing Fund by \$4,400 (2.5%), and the Public Health Infrastructure Fund by \$66,750 (171%) at December 31, 2003.

We recommend management more closely monitor estimated receipts versus appropriations to ensure that appropriations do not exceed estimated resources as submitted to the County Budget Commission.



**Auditor of State
Betty Montgomery**

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800-282-0370

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LAWRENCE DISTRICT BOARD OF HEALTH

LAWRENCE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 24, 2004**