

Lawrence County District Board of Health

Lawrence County

Regular Audit

January 1, 2006 through December 31, 2007

Fiscal Years Audited Under GAGAS: 2007 - 2006

BALESTRA, HARR & SCHERER, CPAs, INC.

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Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Lawrence County District Board of Health prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lawrence County District Board of Health is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 30, 2008

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**LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY, OHIO
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Lawrence County District Board of Health, Lawrence County, (the District) as of and for the year ended December 31, 2007 and 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

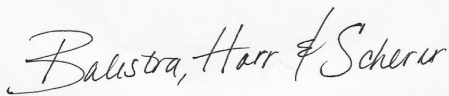
Revisions to GAAP require the District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the District does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above for the year ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2007 and 2006, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Lawrence County District Board of Health, Lawrence County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion & Analysis for the year ended December 31, 2007 and 2006. The District has not presented Management's Discussion & Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2008, 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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

May 16, 2008

**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, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 36,026	\$ 36,041	\$ 72,067
Federal Awards	-	296,579	296,579
Taxes	161,793	-	161,793
Licenses, Permits, Fees	24,188	197,931	222,119
	<u>222,007</u>	<u>530,551</u>	<u>752,558</u>
Total Cash Receipts			
	<u>222,007</u>	<u>530,551</u>	<u>752,558</u>
Cash Disbursements:			
Salaries	127,765	334,743	462,508
Supplies	6,878	71,769	78,647
Remittances to State	-	2,950	2,950
Equipment	-	20,299	20,299
Travel and Expenses	369	20,466	20,835
Hospitalization	80,228	-	80,228
Advertising and printing	466	-	466
Public employee's retirement	23,850	41,621	65,471
Worker's compensation	9,104	10,697	19,801
Medicare	-	5,998	5,998
Other	14,101	38,118	52,219
	<u>262,761</u>	<u>546,661</u>	<u>809,422</u>
Total Disbursements			
	<u>262,761</u>	<u>546,661</u>	<u>809,422</u>
Total Receipts Over/(Under) Disbursements	<u>(40,754)</u>	<u>(16,110)</u>	<u>(56,864)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	-	112	112
Transfers-Out	(112)	-	(112)
	<u>(112)</u>	<u>112</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(112)</u>	<u>112</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(40,866)</u>	<u>(15,998)</u>	<u>(56,864)</u>
Fund Cash Balances, January 1	67,562	84,813	152,375
Fund Cash Balances, December 31	<u>\$ 26,696</u>	<u>\$ 68,815</u>	<u>\$ 95,511</u>
Reserves for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 2,051</u>	<u>\$ 2,051</u>

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

**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, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 44,291	\$ 120,727	\$ 165,018
Federal Awards	-	237,145	237,145
Taxes	168,149	-	168,149
Licenses, Permits, Fees	25,424	208,345	233,769
Investment earnings	-	1,371	1,371
	<u>237,864</u>	<u>567,588</u>	<u>805,452</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	101,853	389,712	491,565
Supplies	9,567	92,220	101,787
Remittances to State	-	5,082	5,082
Equipment	-	25,052	25,052
Travel and Expenses	419	27,436	27,855
Hospitalization	63,867	-	63,867
Advertising and printing	375	-	375
Public employee's retirement	22,085	48,544	70,629
Worker's compensation	4,286	6,535	10,821
Medicare	-	5,931	5,931
Other	12,116	52,684	64,800
	<u>214,568</u>	<u>653,196</u>	<u>867,764</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>23,296</u>	<u>(85,608)</u>	<u>(62,312)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>23,296</u>	<u>(85,608)</u>	<u>(62,312)</u>
Fund Cash Balances, January 1	44,266	170,421	214,687
Fund Cash Balances, December 31	<u>\$ 67,562</u>	<u>\$ 84,813</u>	<u>\$ 152,375</u>
Reserves for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 8,111</u>	<u>\$ 8,111</u>

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

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2007 AND 2006**

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

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

B. Basis of Accounting

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

These statements include adequate disclosure of material matters, as 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 cash and investment pool holds the District's assets, valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

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

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

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.

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendment 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.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2007 follows:

Fund Type	2007 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$220,991	\$222,007	\$1,016
Special Revenue	519,800	530,663	10,863
Total	<u>\$740,791</u>	<u>\$752,670</u>	<u>\$11,879</u>

Fund Type	2007 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$264,765	\$262,873	\$1,892
Special Revenue	591,506	548,712	42,794
Total	<u>\$856,271</u>	<u>\$811,585</u>	<u>\$44,686</u>

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2007 AND 2006**

2. BUDGETARY ACTIVITY (Continued)

Budgetary activity for the year ending December 31, 2006 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$216,689	\$237,864	\$21,175
Special Revenue	715,280	567,588	(147,692)
Total	<u>\$931,969</u>	<u>\$805,452</u>	<u>\$(126,517)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$218,041	\$214,568	\$3,473
Special Revenue	722,302	661,307	60,995
Total	<u>\$940,343</u>	<u>\$875,875</u>	<u>\$64,468</u>

Contrary to Ohio Law, in 2007 appropriations exceeded estimated resources in the PHI Fund and Food Service Fund by \$1,444 and \$2,250, respectively. In 2006 appropriations exceeded estimated resources in the Child and Family Services and Tobacco Prevention Fund by \$26,946 and \$666, respectively.

3. PROPERTY TAXES

The County Commissioners serve as a special taxing authority for a levy within the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$161,793 and \$168,149 in 2007 and 2006, respectively. The financial statement presents this amount as taxes.

4. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.0 percent of their gross salaries. The District contributed an amount equal to 13.70 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2007.

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 is covered by these policies.

6. CONTINGENT LIABILITIES

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the accompanying financial statements of Lawrence County District Board of Health (the District) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 16, 2008. Where in we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial report as item 2007-001.

Members of the Board

Lawrence County District Board of Health

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. We believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free of 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 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the District's management in a separate letter dated May 16, 2008.

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

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



Balestra, Harr & Scherer, CPAs, Inc.
May 16, 2008

**LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Significant Deficiency

The auditors identified a misstatement that should have been prevented or detected by the District's internal controls. Money that was received in the current period did not get recorded until the following period.

The accompanying financial statements were adjusted to reflect the misstatement. The District should implement application and monitoring controls to ensure that all revenue and expense transactions are accurately and completely reported.

Clients Response:

Notice of the statement of funds received was not posted on the internet. The bank did not know what the direct deposit was for.



Mary Taylor, CPA
Auditor of State

LAWRENCE COUNTY 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
AUGUST 12, 2008**