

**Lawrence County District Board of Health**

Lawrence County

Regular Audit

January 1, 2008 through December 31, 2009

Fiscal Years Audited Under GAGAS: 2009 - 2008



**Balestra, Harr & Scherer, CPAs, Inc.**

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# Mary Taylor, CPA

Auditor of State

## Board Members

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, Lawrence County, prepared by Balestra, Harr & Scherer, CPAs Inc., for the audit period January 1, 2008 through December 31, 2009. 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

August 16, 2010

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**LAWRENCE COUNTY DISTRICT BOARD OF HEALTH  
LAWRENCE COUNTY, OHIO  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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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, 2009 and 2008. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

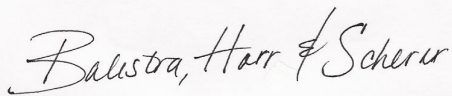
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009 and 2008, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Lawrence County District Board of Health, Lawrence County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Members of the Board  
Lawrence County District Board of Health  
Independent Auditor's Report  
Page 2

The District has not presented Management's Discussion and 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 14, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

May 14, 2010



**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, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 42,314	\$ 100,236	\$ 142,550
Federal Awards	-	333,712	333,712
Taxes	179,270	-	179,270
Licenses, Permits, Fees	23,076	146,288	169,364
Investment earnings	-	85	85
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	244,660	580,321	824,981
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Salaries	142,453	266,526	408,979
Supplies	13,894	93,029	106,923
Remittances to State	-	-	-
Equipment	-	18,097	18,097
Travel and Expenses	390	12,291	12,681
Hospitalization	58,529	-	58,529
Advertising and printing	378	-	378
Public employee's retirement	17,425	36,740	54,165
Worker's compensation	3,946	4,927	8,873
Medicare	-	5,248	5,248
Other	6,813	98,640	105,453
	<hr/>	<hr/>	<hr/>
Total Disbursements	243,828	535,498	779,326
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	832	44,823	45,655
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	-	112	112
Transfers-Out	(112)	-	(112)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(112)	112	-
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	720	44,935	45,655
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	46,640	117,288	163,928
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 47,360</b>	<b>\$ 162,223</b>	<b>\$ 209,583</b>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$ 721	\$ 2,779	\$ 3,500
	<hr/>	<hr/>	<hr/>

*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, 2008**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 52,511	\$ 32,504	85,015
Federal Awards	-	298,567	298,567
Taxes	175,044	-	175,044
Licenses, Permits, Fees	22,726	189,805	212,531
Investment earnings	-	76	76
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	250,281	520,952	771,233
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Salaries	100,032	308,523	408,555
Supplies	12,050	56,894	68,944
Remittances to State	-	-	-
Equipment	-	2,000	2,000
Travel and Expenses	381	17,211	17,592
Hospitalization	77,298	-	77,298
Advertising and printing	339	-	339
Public employee's retirement	22,768	33,306	56,074
Worker's compensation	5,454	7,427	12,881
Medicare	-	5,295	5,295
Other	12,015	41,823	53,838
	<hr/>	<hr/>	<hr/>
Total Disbursements	230,337	472,479	702,816
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	19,944	48,473	68,417
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	26,696	68,815	95,511
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 46,640</b>	<b>\$ 117,288</b>	<b>\$ 163,928</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31	\$ 1,401	\$ 2,679	\$ 4,080
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*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, 2009 AND 2008**

**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, 2009 AND 2008**

**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, 2009 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$262,211	\$244,660	(\$17,551)
Special Revenue	598,360	580,433	(17,927)
Total	<u>\$860,571</u>	<u>\$825,093</u>	<u>(\$35,478)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$263,611	\$244,661	\$18,950
Special Revenue	601,495	538,277	63,218
Total	<u>\$865,106</u>	<u>\$782,938</u>	<u>\$82,168</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR YEARS ENDED DECEMBER 31, 2009 AND 2008**

**2. BUDGETARY ACTIVITY (Continued)**

Budgetary activity for the year ending December 31, 2008 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$259,395	\$250,281	( \$9,114)
Special Revenue	520,875	520,952	77
Total	<u>\$780,270</u>	<u>\$771,233</u>	<u>(\$9,037)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$241,624	\$231,738	\$9,886
Special Revenue	494,807	475,158	19,649
Total	<u>\$736,431</u>	<u>\$706,896</u>	<u>\$29,535</u>

**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 \$179,271 and \$184,159 in 2009 and 2008, 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 2009 and 2008, OPERS members contributed 10.0 percent of their gross salaries. The District contributed an amount equal to 14.0 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

**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 REQUIRED BY *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, 2009 and 2008, and have issued our report thereon dated May 14, 2010. Where in we noted that 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

**Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instance of noncompliance or other matters that we must report under *Government Auditing Standards*.

Members of the Board

Lawrence County District Board of Health

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

May 14, 2010

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action taken; or Finding No Longer Valid: Explain
2007-01	Significant Deficiency – Audit adjustments	Yes	





**Mary Taylor, CPA**  
Auditor of State

**LAWRENCE COUNTY DISTRICT BOARD OF HEALTH**

**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 26, 2010**