



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**DISTRICT BOARD OF HEALTH  
LAWRENCE COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

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, 2001. 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 present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the District Board of Health, Lawrence County, as of December 31, 2001, 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 June 19, 2002 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.

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, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

June 19, 2002

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**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, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$125,248	\$	\$125,248
Intergovernmental	28,127	205,709	233,836
Licenses, Permits, and Fees	45,301	197,579	242,880
Other Revenue	1,663		1,663
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	200,339	403,288	603,627
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Fringes	96,552	262,928	359,480
Supplies	13,306	51,590	64,896
State Remittance		7,169	7,169
Board Member Expense	5,020		5,020
Travel and Expenses	231	10,882	11,113
Public Employees Retirement	21,003	25,184	46,187
Hospitalization Insurance	40,050		40,050
Advertising and Printing	463		463
Worker's Compensation	2,500	3,800	6,300
Contract Services		21,332	21,332
Other	9,159	10,447	19,606
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	188,284	393,332	581,616
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	12,055	9,956	22,011
	<hr/>	<hr/>	<hr/>
<b>Other Financing Sources/(Uses):</b>			
Transfers-in		593	593
Transfers-out		(593)	(593)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	0	0	0
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Sources Over/Under Cash Disbursements and Other Financing Uses	12,055	9,956	22,011
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	38,991	59,785	98,776
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$51,046</u></b>	<b><u>\$69,741</u></b>	<b><u>\$120,787</u></b>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$149</u>	<u>\$2,546</u>	<u>\$2,695</u>

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

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**DISTRICT BOARD OF HEALTH  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2001**

**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 the inspection and licensing of solid waste facilities, inspection of sewer and water systems, inspection and licensing of solid waste facilities, inspection of sewer and water systems, inspection of trailer parks, and public health nursing programs.

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 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 required to be accounted for in another fund.

**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 for the performance of health services to the public.

*Child and Family Service Fund* - This fund receives grant monies from the state to provide health services for mothers and children who do not have access to adequate health care.

**DISTRICT BOARD OF HEALTH  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 or function 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. The District did not encumber all commitments required by Ohio law.

A summary of 2001 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 statement.

**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 District's basis of accounting.

**DISTRICT BOARD OF HEALTH  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2001  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$217,653	\$200,339	(\$17,314)
Special Revenue	414,084	403,881	(10,203)
Total	\$631,737	\$604,220	(\$27,517)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$190,645	\$188,433	\$2,212
Special Revenue	420,106	396,471	23,635
Total	\$610,751	\$584,904	\$25,847

Contrary to Ohio law, funds were not properly encumbered prior to incurring obligations during the period.

**3. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Health. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**DISTRICT BOARD OF HEALTH  
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2001  
(Continued)**

**4. RETIREMENT SYSTEMS**

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 2001, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2001. The District has paid all contributions required through December 31, 2001.

**5. RISK MANAGEMENT**

The Lawrence County Commissioners maintain comprehensive insurance coverage with private carriers for real property, building contents, and vehicles. 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.

The District is exposed to various risks of loss-related torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District contracted with Buckeye Joint-County Self Insurance Council for property insurance. This policy also covers professional and general liability.

**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.



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**REPORT OF INDEPENDENT ACCOUNTANTS 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 the Board of Health:

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, 2001, and have issued our report thereon dated June 19, 2002. 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.

**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 2001-60744-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated June 19, 2002.

**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 statement 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 June 19, 2002.

District Board of Health  
Lawrence County  
Report of Independent Accountants 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

June 19, 2002

**DISTRICT BOARD OF HEALTH  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-60744-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41 (D), provides that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This Section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
  
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Board.

Certification of funds was not completed at the time the commitment was incurred for 55% of the disbursements tested during the audit period. By not certifying funds prior to a purchase commitment, this may lead to the District obligating money it does not have.

We recommend that no orders involving the expenditure of money be made unless the Clerk has certified that the amount required has been lawfully appropriated and is in the treasury or in the process of collection. We further recommend the Trustees approve all amounts greater than \$1,000 by resolution or ordinance.

**DISTRICT BOARD OF HEALTH  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-60744-001	Ohio Rev. Code Section 5705.41(D) states that no orders or contracts involving expenditure of money are to be made unless there is a certificate of the fiscal officer attached.	No	Not corrected, Repeated in GAGAS letter as Finding No. 2001-60744-001.

**DISTRICT BOARD OF HEALTH  
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-60744-001	Clerk intends to begin certifying funds prior to incurring obligations.	December 31, 2002	Barbara Cunningham, Clerk





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**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 6, 2002**