



**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, 2002. The 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, 2002, 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 April 21, 2003 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
Page 2

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

April 21, 2003

**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, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$134,671	\$	\$134,671
Intergovernmental	33,528	340,846	374,374
Licenses, Permits, and Fees	9,571	195,122	204,693
Other Revenue		10,984	10,984
	<u>177,770</u>	<u>546,952</u>	<u>724,722</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries and Fringes	80,014	256,213	336,227
Supplies	12,247	48,031	60,278
Remittance to State		9,243	9,243
Board Member Expense	4,346		4,346
Contract Services		58,555	58,555
Travel and Expenses	441	11,998	12,439
Motor Vehicle		192	192
Advertising and Printing	494		494
Public Employee's Retirement	26,214	19,531	45,745
Worker's Compensation	1,534	243	1,777
Hospitalization Insurance	42,692	769	43,461
Other	11,968	8,050	20,018
	<u>179,950</u>	<u>412,825</u>	<u>592,775</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(2,180)</u>	<u>134,127</u>	<u>131,947</u>
Fund Cash Balances, January 1	<u>51,046</u>	<u>69,741</u>	<u>120,787</u>
Fund Cash Balances, December 31	<u>\$48,866</u>	<u>\$203,868</u>	<u>\$252,734</u>
Reserve for Encumbrances, December 31	<u>\$286</u>	<u>\$16,659</u>	<u>\$16,945</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, 2002**

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 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 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 for the performance of health services to the public.

Child and Family Services 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, 2002
(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 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 2002 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 District's basis of accounting.

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$175,016	\$177,770	\$2,754
Special Revenue	434,614	546,952	112,338
Total	\$609,630	\$724,722	\$115,092

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$188,149	\$180,236	\$7,913
Special Revenue	453,428	429,484	23,944
Total	\$641,577	\$609,720	\$31,857

3. PROPERTY TAX

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the 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 District.

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 2002, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries for 2002. The District has paid all contributions required through December 31, 2002.

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2002
(Continued)**

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.



**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, 2002, and have issued our report thereon dated April 21, 2003. 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated April 21, 2003.

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 April 21, 2003.

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

April 21, 2003

**DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-60744-001	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	Partially Corrected, Included in the Management Letter.



**Auditor of State
Betty Montgomery**

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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
MAY 29, 2003**