

LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020



CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Health
Lawrence County District Board of Health
2122 South 8th Street
Ironton, Ohio 45638

We have reviewed the *Independent Auditor's Report* of the Lawrence County District Board of Health, Lawrence County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 Auditor of State is conducting an investigation, which is on-going as of the date of this report. Depending on the outcome of the investigation, results may be reported at a later date.

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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 07, 2024

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Lawrence County District Board of Health
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For the Year Ended December 31, 2020

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Independent Auditor's Report

Board of Trustees
Lawrence County District Board of Health
Lawrence County
2122 S. 8th Street
Ironton, Ohio 45638

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and related notes of Lawrence County District Board of Health, Lawrence County, Ohio (the District).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the District has prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2020 and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and related notes of Lawrence County District Board of Health, Lawrence County Ohio, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

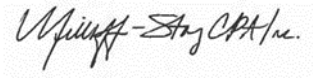
Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, 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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lawrence County District Board of Health
Lawrence County
Independent Auditor's Report
Page 3

A handwritten signature in black ink that reads "Millhuff-Stang CPA, Inc." The signature is written in a cursive, flowing style.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 18, 2024

Lawrence County District Board of Health
*Combined Statement of Receipts, Disbursements and
 Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Property Taxes	\$340,463	\$0	\$340,463
Licenses, Permits, and Fees	33,742	377,980	411,722
Charges for Services	0	80,666	80,666
Intergovernmental:			
Grants	59,142	851,789	910,931
Other	33,677	994	34,671
Total Cash Receipts	467,024	1,311,429	1,778,453
Cash Disbursements			
Current:			
Health:			
Salaries	66,347	510,036	576,383
Supplies	29,991	97,804	127,795
Travel and Expenses	1,448	9,593	11,041
Hospitalization	57,856	0	57,856
Public Employees' Retirement	6,181	66,936	73,117
Medicare	733	7,254	7,987
Settlement Expenses	9,548	0	9,548
Contract Services	7,456	104,123	111,579
Other	27,619	193,082	220,701
Total Cash Disbursements	207,179	988,828	1,196,007
Receipts Over Disbursements	259,845	322,601	582,446
Other Financing Sources (Uses)			
Transfers In	15,000	0	15,000
Transfers Out	0	(15,000)	(15,000)
Total Other Financing Sources (Uses)	15,000	(15,000)	0
Net Change in Fund Balances	274,845	307,601	582,446
Fund Cash Balances, January 1 (Restated)	252,789	414,337	667,126
Fund Cash Balances, December 31	\$527,634	\$721,938	\$1,249,572

See the accompanying notes to the basic financial statements.

Lawrence County District Board of Health

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Lawrence County Health Department, Lawrence County, (the District) as a body corporate and politic. A six-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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant special revenue funds:

COVID-19 Grant Fund – This is a federal grant fund that accounts for the use of COVID-19 related funding.

COVID-19 Contract Tracing Fund – This is a federal grant fund that accounts for the use of COVID-19 related funding as provided by the contract tracing program.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

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 District

Lawrence County District Board of Health

Notes to the Financial Statements

For the Year Ended December 31, 2020

Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2020 budgetary activity appears in note 3.

Accumulated Leave

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in note 11.

Lawrence County District Board of Health

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$480,612	\$482,024	\$1,412
Special Revenue	1,312,841	1,311,429	(1,412)
Total	\$1,793,453	\$1,793,453	\$0

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$228,133	\$228,133	\$0
Special Revenue	1,123,169	1,123,169	0
Total	\$1,351,302	\$1,351,302	\$0

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Lawrence County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

The District maintains a bank account to hold District receipts during each month and then makes a monthly deposit to the County. The carrying amount of these deposits as of December 31, 2020 was \$62,333, and the bank balance was \$62,333. The entire balance was covered by federal depository insurance.

Note 5 – Intergovernmental Funding and Property Taxes

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. The financial statements present these amounts as intergovernmental receipts. The District received no apportionments for 2020.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as intergovernmental apportionments. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Lawrence County District Board of Health

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

The District is included in Lawrence County's insurance coverage. Lawrence County belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries and the District contributed an amount equaling 14% percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

Lawrence County District Board of Health

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

Social Security

The District’s board members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Board members contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2020.

Note 8– Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9 – Construction and Contractual Commitments

There were no outstanding construction or other contractual commitments for 2020.

Note 10 – Contingent Liabilities

The District is not currently a defendant in legal proceedings.

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$20,954	\$119,341	\$140,295
Total	<u>\$20,954</u>	<u>\$119,341</u>	<u>\$140,295</u>

The fund balance of special revenue funds is restricted. These restricted amounts in the special revenue would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Lawrence County District Board of Health

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 12 – Restatement of Beginning Fund Balances

Errors were identified in previously reported fund balances. The correction of these errors had the following effect on beginning fund balances.

	General Fund	Special Revenue Funds
As Reported, December 31, 2019	\$257,541	\$409,563
Restatement	(4,752)	4,774
As Corrected, January 1, 2020	<u>\$252,789</u>	<u>\$414,337</u>

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the District received \$549,299 in CARES Act funding. These amounts were spent on additional staffing and other resources and supplies necessary to manage the COVID-19 pandemic. These funds were recorded in various COVID-19 special revenue funds.

Note 14 – Compliance

The District had significant cash balances in an outside account at year end, which is contrary to Ohio Revised Code Section 3709.31.

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*

Independent Auditor's Report

Board of Trustees
Lawrence County District Board of Health
Lawrence County
2122 S. 8th Street
Ironton, Ohio 45638

We have audited 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, the financial statements of Lawrence County District Board of Health, Lawrence County (the District) as of and for the years ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated March 18, 2024, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District.

Report Internal Control Over Financial Reporting

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

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2020-001 through 2020-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

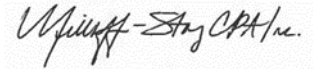
As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2020-004.

District’s Responses to Findings

The District’s responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 18, 2024

Lawrence County District Board of Health
Lawrence County
Schedule of Findings and Responses
For the Year Ended December 31, 2020

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2020-001

Material Weakness – Financial Reporting

A monitoring system by the District should be in place to prevent or detect misstatements for the accurate presentation of the District’s financial statements. The District misclassified various expenditures and receipts that were corrected in the accompanying financial statements.

It was also noted, that the District has an outside bank account. The District would deposit funds into this bank account and subsequently write checks to the County for the monies collected. The District had an outside bank account with a balance of \$62,333 at December 31, 2020 due to the District not properly or timely depositing funds to the County for recording in the accounting records. The District hired an outside consultant to adjust the financial reports to include the receipt activity during the appropriate year.

We recommend the District implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements.

District Response:

The Fiscal Officer will request the purchase order from the County Auditor’s Office and the Accounting Clerk will submit the invoices for payment to the County Auditor. This will ensure that two people are reviewing all invoices. The District is taking steps to redirect electronic receipts to go directly to the County Treasurer instead of the District’s bank account to improve the timeliness and accuracy of deposits.

Finding Number 2020-002

Material Weakness – Bank Reconciliations

Accurate reconciliation procedures are a key component of an effective accounting system required to enable the District to properly classify transactions, maintain accountability for funds, distribute funds accurately, and detect fraud and errors in a timely manner.

The District had variances at December 31, 2020 in reported cash balances due to errors in revenue reporting as well as untimely deposit of receipts into the County treasury. This resulted in the District having to hire an outside consultant to properly reconcile its cash balances for 2020.

The District should adopt proper procedures to ensure that, at each month end, bank accounts are properly reconciled to the accounting system. Payins to the County should be made regularly and the District should reconcile payins to the accounting system to ensure that amounts are posted to the proper funds and accounts by the County. Any discrepancies between the two should be investigated and resolved accordingly.

District Response:

With the exception of credit card payments, deposits are now being sent directly to Lawrence County Treasurer instead of going to the District’s bank account. Lawrence County is in the process of redirecting credit card payments to the County Treasurer. Reducing the transactions in the District’s bank account will make it easier to reconcile with accounting records. Over-the-counter collections are deposited with the Treasurer weekly and credit card payments are deposited monthly.

Lawrence County District Board of Health
Lawrence County
Schedule of Findings and Responses
For the Year Ended December 31, 2020

Finding Number 2020-003

Material Weakness – Receipt Controls

Sound internal controls over receipt of funds is pertinent to ensure that receipts are accurate, complete, and in compliance with applicable laws and regulations.

We noted that the fiscal officer deposited receipts into the District's bank account; however, the receipts were not paid in to the County in a timely manner. This resulted in multiple adjustments to revenues and cash balances as items were not classified in the proper period. We noted the District had a balance of \$62,333 in the bank account at December 31, 2020. Further, it was noted that the District had to hire an outside consultant to properly reconcile its cash balances. This resulted in cumbersome testing of revenues. We also noted that the District did not have approved fee schedules for all revenues tested.

The District should implement procedures to ensure all receipts are paid in to the County in a timely manner and thus recorded in the accounting records and financial report. At year-end, the District should issue a payment to the County to zero out the bank balance and ensure receipts are being recorded in the proper period. Additionally, we recommend that the District adopt Board-approved fee schedules for all District programs.

District Response:

With the exception of credit card payments, deposits are now being sent directly to Lawrence County Treasurer instead of going to the District's bank account. The District is in the process of redirecting credit card payments to the County Treasurer. Over-the-counter receipts are now deposited weekly.

Finding Number 2020-004

Noncompliance Citation/Material Weakness – Custodian of the Health Fund

Ohio Revised Code Section 3709.31 states the county treasurer of a county which constitutes all or the major portion of a general health district shall be the custodian of the health fund of the general health district. It was noted the District had an outside bank account, which they would deposit money into and then subsequently pay that money into the County. The District did not timely pay these receipts into the County during the audit period. This account had a balance of \$62,333 at December 31, 2020. Consequently, the county treasurer was not custodian of this money.

The District should implement procedures to ensure all moneys received are deposited with the County timely.

District Response:

The Health District has taken steps to redirect electronic deposits from the District's Holding account to the County Treasurer's account. Health District will review frequency of deposits and make necessary adjustments.

Lawrence County District Board of Health
Lawrence County
Schedule of Prior Audit Findings
For the Year Ended December 31, 2020

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2019-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2020-001
Finding 2019-002	Noncompliance Citation – Ohio Revised Code Section 121.22(C)	Yes	
Finding 2019-003	Noncompliance Citation – Ohio Revised Code Section 149.351(A)	Yes	
Finding 2019-004	Noncompliance Citation – Ohio Revised Code Section 5705.41(D)	Yes	
Finding 2019-005	Material Weakness – Disaster Recovery Plan	Yes	
Finding 2019-006	Material Weakness – Bank Reconciliations	No	Reissued as Finding 2020-002
Finding 2019-007	Material Weakness – Receipt Controls	No	Reissued as Finding 2020-003
Finding 2019-008	Material Weakness/Noncompliance Citation – Custodian of the Health Fund	No	Reissued as Finding 2020-004

LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2021



Millhuff-Stang

CERTIFIED PUBLIC ACCOUNTANT

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Lawrence County District Board of Health
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For the Year Ended December 31, 2021

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Independent Auditor's Report

Board of Trustees
Lawrence County District Board of Health
Lawrence County
2122 S. 8th Street
Ironton, Ohio 45638

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Lawrence County District Board of Health, Lawrence County, (the District) which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2021, or the changes in financial position thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information


Our audit was conducted to opine on the financial statements as a whole.

The Schedule of Federal Awards Expenditures as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 18, 2024

Lawrence County District Board of Health
*Combined Statement of Receipts, Disbursements and
 Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Property Taxes	\$320,425	\$0	\$320,425
Licenses, Permits, and Fees	2,214	359,175	361,389
Charges for Services	22,770	161,689	184,459
Intergovernmental:			
Grants	42,265	842,115	884,380
Other	33,737	42,410	76,147
Total Cash Receipts	421,411	1,405,389	1,826,800
Cash Disbursements			
Current:			
Health:			
Salaries	228,006	646,702	874,708
Supplies	7,523	177,882	185,405
Travel and Expenses	1,514	4,858	6,372
Hospitalization	14,039	55,779	69,818
Public Employees' Retirement	29,166	93,073	122,239
Equipment	0	23,926	23,926
Medicare	2,911	9,518	12,429
Settlement Expenses	9,302	0	9,302
Contract Services	4,763	58,990	63,753
Other	37,101	230,587	267,688
Total Cash Disbursements	334,325	1,301,315	1,635,640
Receipts Over Disbursements	87,086	104,074	191,160
Other Financing Sources (Uses)			
Advances In	0	117,502	117,502
Advances Out	(117,502)	0	(117,502)
Total Other Financing Sources (Uses)	(117,502)	117,502	0
Net Change in Fund Balances	(30,416)	221,576	191,160
Fund Cash Balances, January 1	527,634	721,938	1,249,572
Fund Cash Balances, December 31	\$497,218	\$943,514	\$1,440,732

See the accompanying notes to the basic financial statements.

Lawrence County District Board of Health

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Lawrence County District Board of Health, Lawrence County, (the District) as a body corporate and politic. A six-member Board and a Health Commissioner govern the District. The District’s services include communicable disease investigations, immunization clinics, inspections, and public health nursing services, and the District issues health-related licenses and permits.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund – The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant special revenue fund:

COVID-19 Grant Fund – This is a federal grant fund that accounts for the use of COVID-19 related funding.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

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 District Board must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Lawrence County District Board of Health

Notes to the Financial Statements

For the Year Ended December 31, 2021

Estimated Resources – Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2021 budgetary activity appears in note 3.

Capital Assets

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

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Nonspendable – The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed – The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in note 11.

Lawrence County District Board of Health

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$436,007	\$421,411	(\$14,596)
Special Revenue	1,545,125	1,522,891	(22,234)
Total	\$1,981,132	\$1,944,302	(\$36,830)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$458,823	\$458,823	\$0
Special Revenue	1,351,644	1,351,644	0
Total	\$1,810,467	\$1,810,467	\$0

Note 4 – Deposits and Investments

As required by the Ohio Revised Code, the Lawrence County Treasurer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Treasurer's reported carrying amount.

The District maintains a bank account to hold District receipts during each month and then makes a monthly deposit to the County. The carrying amount of these deposits as of December 31, 2021 was \$22,451, and the bank balance was \$25,502. The entire balance was covered by federal depository insurance.

Note 5 – Intergovernmental Funding and Property Taxes

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. The financial statement presents these amounts as intergovernmental receipts. The District received no apportionments for 2021.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the taxing authority of the subdivision to whose jurisdiction the District is subject adopts rates. The State Department of Taxation, Division of Tax Equalization, adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes credits and/or deduction amounts the State pays as other intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 taxing district.

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

Lawrence County District Board of Health

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

The District is included in Lawrence County's insurance coverage. Lawrence County belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

District employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2021.

Social Security

The District's board members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Board members contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2021.

Lawrence County District Board of Health

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

Note 9 – Construction and Contractual Commitments

There were no outstanding construction or other contractual commitments for 2021.

Note 10 – Contingent Liabilities

The District is not currently a defendant in legal proceedings.

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$6,996	\$50,329	\$57,325
Total	<u>\$6,996</u>	<u>\$50,329</u>	<u>\$57,325</u>

The fund balance of special revenue funds is restricted. These restricted amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The general fund balance also includes \$30,000 committed to future severance payments.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2021, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Lawrence County District Board of Health
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Compliance

The District had significant cash balances in an outside account at year end, which is contrary to Ohio Revised Code Section 3709.31.

Lawrence County District Board of Health
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended December 31, 2021

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal AL Number	Disbursements
<u>United States Department of Treasury</u>			
<i>Passed through the Ohio Department of Health</i>			
COVID- 19 Coronavirus Relief Fund	04410012CO0121	21.019	\$320,551
COVID-19 Coronavirus Relief Fund	04410012CT0120	21.019	57,761
COVID-19 Coronavirus Relief Fund	04410011RC0121	21.019	26,080
COVID-19 Coronavirus Relief Fund	04410012VN0121	21.019	20,000
Total Coronavirus Relief Fund			<u>424,392</u>
Total United States Department of Treasury			424,392
<u>United States Department of Health and Human Services</u>			
<i>Passed Through Ohio Department of Health</i>			
Public Health Emergency Preparedness	04410012PH1221	93.069	58,028
Family Planning Services	04410011RH1021	93.217	24,000
Family Planning Services	04410011RH1122	93.217	46,996
Total Family Planning Services			<u>70,996</u>
Immunization Cooperative Agreements	04410012GV0221	93.268	2,660
Immunization Cooperative Agreements	04410012VE121	93.268	50,324
Total Immunization Cooperative Agreements			<u>52,984</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	04410012CT0121	93.323	22,635
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	04410012EO0121	93.323	112,838
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			<u>135,473</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	04410012Co0120	93.354	31,595
Maternal and Child Health Services Block Grant to the States	04410011MP0521	93.994	81,684
Maternal and Child Health Services Block Grant to the States	04410011RH1021	93.994	1,556
Maternal and Child Health Services Block Grant to the States	04410011DS1120	93.994	3,987
Maternal and Child Health Services Block Grant to the States	04410011DS1121	93.994	24,089
Total Maternal and Child Health Services Block Grant to the States			<u>111,316</u>
Total United States Department of Health and Human Services			<u>460,392</u>
Total Federal Financial Assistance			<u><u>\$884,784</u></u>

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

Lawrence County District Board of Health
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended December 31, 2021

Note 1 – Basis of Presentation

The accompanying schedule of federal awards expenditures (the schedule) is a summary of the activity of the District's federal award programs. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Matching Requirements

Certain Federal programs require the Entity to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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*

Independent Auditor's Report

Lawrence County District Board of Health
Lawrence County
2122 S. 8th Street
Ironton, Ohio 45638

We have audited 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, the financial statements of Lawrence County District Board of Health, Lawrence County (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements and have issued our report thereon dated March 18, 2024, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 through 2021-004 that we consider to be material weaknesses.

Lawrence County District Board of Health
Lawrence County

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

Report on Compliance and Other Matters

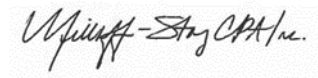
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-004.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 18, 2024

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Lawrence County District Board of Health
Lawrence County
2122 S. 8th Street
Ironton, Ohio 45638

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lawrence County District Board of Health's, Lawrence County, (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2021. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the District's major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Lawrence County District Board of Health
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the
Uniform Guidance

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

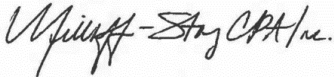
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Lawrence County District Board of Health, Ohio
Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report
on the Schedule of Federal Awards Expenditures Required by the Uniform Guidance
Page 3

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 18, 2024

Lawrence County District Board of Health
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2021

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	Yes
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies)?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	Coronavirus Relief Fund (AL #21.019)
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding Number 2021-001

Material Weakness – Financial Reporting

A monitoring system by the District should be in place to prevent or detect misstatements for the accurate presentation of the District’s financial statements. The District misclassified various expenditures and receipts that were corrected in the accompanying financial statements.

It was also noted, that the District has an outside bank account. The District would deposit funds into this bank account and subsequently write checks to the County for the monies collected. The District had an outside bank account with a balance of \$25,502 at December 31, 2020 partly due to the District not properly or timely depositing funds to the County for recording in the accounting records. The District hired an outside consultant to adjust the financial reports to include the receipt activity during the appropriate year.

We recommend the District implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements.

District Response:

See accompanying corrective action plan.

Lawrence County District Board of Health
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2021

Finding Number 2021-002

Material Weakness – Bank Reconciliations

Accurate reconciliation procedures are a key component of an effective accounting system required to enable the District to properly classify transactions, maintain accountability for funds, distribute funds accurately, and detect fraud and errors in a timely manner.

The District had variances at December 31, 2021 in reported cash balances due to errors in revenue reporting as well as untimely deposit of receipts into the County treasury. This resulted in the District having to hire an outside consultant to properly reconcile its cash balances for 2021.

The District should adopt proper procedures to ensure that, at each month end, bank accounts are properly reconciled to the accounting system. Payins to the County should be made regularly and the District should reconcile payins to the accounting system to ensure that amounts are posted to the proper funds and accounts by the County. Any discrepancies between the two should be investigated and resolved accordingly.

District Response:

See accompanying corrective action plan.

Finding Number 2021-003

Material Weakness – Receipt Controls

Sound internal controls over receipt of funds is pertinent to ensure that receipts are accurate, complete, and in compliance with applicable laws and regulations.

We noted that the fiscal officer deposited receipts into the District's bank account; however, the receipts were not paid in to the County in a timely manner. This resulted in multiple adjustments to revenues and cash balances as items were not classified in the proper period. We noted the District had a balance of \$25,502 in the bank account at December 31, 2021. Further, it was noted that the District had to hire an outside consultant to properly reconcile its cash balances. This resulted in cumbersome testing of revenues. We also noted that the District did not have approved fee schedules for all revenues tested.

The District should implement procedures to ensure all receipts are paid in to the County in a timely manner and thus recorded in the accounting records and financial report. At year-end, the District should issue a payment to the County to zero out the bank balance and ensure receipts are being recorded in the proper period. Additionally, we recommend that the District adopt Board-approved fee schedules for all District programs.

District Response:

See accompanying corrective action plan.

Lawrence County District Board of Health
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Year Ended December 31, 2021

Finding Number 2021-004

Noncompliance Citation/Material Weakness – Custodian of the Health Fund

Ohio Revised Code Section 3709.31 states the county treasurer of a county which constitutes all or the major portion of a general health district shall be the custodian of the health fund of the general health district. It was noted the District had an outside bank account, which they would deposit money into and then subsequently pay that money into the County. The District did not timely pay these receipts into the County during the audit period. This account had a balance of \$25,502 at December 31, 2021. Consequently, the county treasurer was not custodian of this money.

The District should implement procedures to ensure all moneys received are deposited with the County timely.

District Response:

See accompanying corrective action plan.

Section III – Federal Award Findings and Questioned Costs
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None



LAWRENCE COUNTY HEALTH DEPARTMENT

2122 So. 8th Street
Ironton, OH 45638
740-532-3962



Public Health
Prevent. Promote. Protect.
Lawrence County Health Department

Tony Virgin, MD
Health Commissioner

Jim Meadows, MD
Medical Director

Lawrence County District Board of Health

Corrective Action Plan
2 CFR Section 200.511(c)

For the Year Ended December 31, 2021

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	The Fiscal Officer will request the purchase order from the County Auditor's Office and the Accounting Clerk will submit the invoices for payment to the County Auditor. This will ensure that two people are reviewing all invoices. The District is taking steps to redirect electronic receipts to go directly to the County Treasurer instead of the District's bank account to improve the timeliness and accuracy of deposits.	December 31, 2024	Zach Schweinsberg, Fiscal Officer
2021-002	With the exception of credit card payments, deposits are now being sent directly to Lawrence County Treasurer instead of going to the District's bank account. Lawrence County is in the process of redirecting credit card payments to the County Treasurer. Reducing the transactions in the District's bank account will make it easier to reconcile with accounting records. Over-the-counter collections are deposited with the Treasurer weekly and credit card payments are deposited monthly.	December 31, 2023	Zach Schweinsberg, Fiscal Officer
2021-003	With the exception of credit card payments, deposits are now being sent directly to Lawrence County Treasurer instead of going to the District's bank account. The District is in the process of redirecting credit card payments to the County Treasurer. Over-the-counter receipts are now deposited weekly.	December 31, 2024	Zach Schweinsberg, Fiscal Officer



LAWRENCE COUNTY HEALTH DEPARTMENT

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Corrective Action Plan

2 CFR Section 200.511(c)

For the Year Ended December 31, 2021

2021-004	The Health District has taken steps to redirect electronic deposits from the District's Holding account to the County Treasurer's account. Health District will review frequency of deposits and make necessary adjustments.	December 31, 2024	Zach Schweinsberg, Fiscal Officer
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Schedule of Prior Audit Findings

2 CFR Section 200.511(b)

For the Year Ended December 31, 2021

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Take, or Finding No Longer Valid, Explain
2020-001	Material Weakness – Financial Reporting	No	Reissued as Finding 2021-001
2020-002	Material Weakness – Bank Reconciliations	No	Reissued as Finding 2021-002
2020-003	Material Weakness – Receipt Controls	No	Reissued as Finding 2021-003
2020-004	Material Weakness/Noncompliance Citation – Custodian of the Health Fund	No	Reissued as Finding 2021-004

OHIO AUDITOR OF STATE KEITH FABER



LAWRENCE COUNTY DISTRICT BOARD OF HEALTH

LAWRENCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/21/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov