



Dave Yost • Auditor of State

LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board Members:

Report on the Financial Statement

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Lawrence County District Board of Health, Lawrence County, Ohio (the District) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statement

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(D) 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 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 opinion.

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

As described in Note 1 of the financial statements, the District 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(D), 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(D) 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, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Lawrence County District Board of Health, Lawrence County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2017, 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.



Dave Yost
Auditor of State

Columbus, Ohio

January 11, 2017

LAWRENCE COUNTY DISTRICT BOARD OF HEALTH*LAWRENCE COUNTY, OHIO**Combined Statement of Receipts, Disbursements**and Changes in Fund Balances (Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2015*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$44,460	\$28,957	\$73,417
Federal Awards		254,743	254,743
Taxes	225,048		225,048
Licenses, Permits, Fees	38,183	195,030	233,213
Other receipts		246	246
<i>Total Cash Receipts</i>	<u>307,691</u>	<u>478,976</u>	<u>786,667</u>
Cash Disbursements			
Salaries	144,428	247,858	392,286
Supplies	23,061	61,583	84,644
Equipment		6,400	6,400
Travel and Expenses	300	14,894	15,194
Hospitalization	80,032	7,296	87,328
Advertising and Printing	346	57	403
Public employee's retirement	27,167	27,232	54,399
Worker's Compensation	626	1,057	1,683
Medicare	4,924	570	5,494
Other	16,625	76,391	93,016
<i>Total Cash Disbursements</i>	<u>297,509</u>	<u>443,338</u>	<u>740,847</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,182</u>	<u>35,638</u>	<u>45,820</u>
<i>Fund Cash Balances, January 1</i>	<u>17,926</u>	<u>47,350</u>	<u>65,276</u>
Fund Cash Balances, December 31			
Restricted	0	82,988	82,988
Assigned	2,845	0	2,845
Unassigned (Deficit)	25,263	0	25,263
<i>Fund Cash Balances, December 31</i>	<u>\$28,108</u>	<u>\$82,988</u>	<u>\$111,096</u>

See accompanying Notes to the Financial Statements.

LAWRENCE COUNTY DISTRICT BOARD OF HEALTH

LAWRENCE COUNTY, OHIO

Combined Statement of Receipts, Disbursements

and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2014

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$49,643		\$49,643
Federal Awards		\$229,078	229,078
Taxes	192,826		192,826
Licenses, Permits, Fees	32,664	186,780	219,444
Other receipts	150	765	915
<i>Total Cash Receipts</i>	<u>275,283</u>	<u>416,623</u>	<u>691,906</u>
Cash Disbursements			
Salaries	155,299	257,243	412,542
Supplies	17,693	52,147	69,840
Remittances to state		5,124	5,124
Equipment		4,496	4,496
Travel and Expenses	384	17,426	17,810
Hospitalization	85,277		85,277
Public employee's retirement	22,322	33,202	55,524
Worker's Compensation	710	990	1,700
Medicare		5,187	5,187
Other	15,212	90,732	105,944
<i>Total Cash Disbursements</i>	<u>296,897</u>	<u>466,547</u>	<u>763,444</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(21,614)</u>	<u>(49,924)</u>	<u>(71,538)</u>
<i>Fund Cash Balances, January 1</i>	<u>39,540</u>	<u>97,274</u>	<u>136,814</u>
Fund Cash Balances, December 31			
Restricted	0	47,350	47,350
Assigned	2,063	0	2,063
Unassigned (Deficit)	15,863	0	15,863
<i>Fund Cash Balances, December 31</i>	<u>\$17,926</u>	<u>\$47,350</u>	<u>\$65,276</u>

See accompanying Notes to the Financial Statements.

**LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

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

B. Accounting Basis

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(D). 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(D) permit.

C. Deposits

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.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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:

Public Health Infrastructure Fund – This fund receives federal grant monies to assist the District in preparing for public health emergencies.

**LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Child and Family Services Fund – This fund receives grant monies from the state to provide health services such as family planning, prenatal services and child health exams to clients who do not have access to adequate health care.

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, function or object level of control, and appropriations may not exceed estimated resources. The District Board of Trustees must annually approve appropriation measures and subsequent amendments. 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. The County Budget Commission must approve estimated resources.

3. 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 2015 and 2014 budgetary activity appears in Note 2.

F. 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:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The District did not have any fund balances classified as nonspendable for 2014 or 2015.

2. 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.

**LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. 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. The District did not have any fund balances classified as committed for 2014 or 2015.

4. 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.

5. 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.

G. Property, Plant, and Equipment

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

H. 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.

**LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014
(Continued)**

2. Budgetary Activity

Budgetary activity for the years ending December 31, 2015 and December 31, 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$307,691	\$307,691
Special Revenue	0	478,976	478,976
Total	\$0	\$786,667	\$786,667

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$298,063	\$300,356	(\$2,293)
Special Revenue	524,299	467,779	56,520
Total	\$822,362	\$768,135	\$54,227

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$298,961	\$275,283	(\$23,678)
Special Revenue	499,282	416,623	(82,659)
Total	\$798,243	\$691,906	(\$106,337)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$297,658	\$298,961	(\$1,303)
Special Revenue	495,589	481,370	14,219
Total	\$793,247	\$780,331	\$12,916

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$2,293 for the year ended December 31, 2015 and by \$1,303 for the year ended December 31, 2014. Also, contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Project Water Quality fund by \$13,996 for the year ended December 31, 2014.

3. Property Tax

The County Commissioners serve as a special taxing authority for a levy within the ten-mill limitation to provide the District with sufficient funds for health programs. The levy generated \$225,048 and \$192,826 in 2015 and 2014, respectively. The financial statements present these amounts as taxes.

**LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014
(Continued)**

4. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, the OPERS member contributed 10% of their gross salary and the District contributed an amount equaling 14% of the participants' gross salary. The District has paid all contributions required through December 31, 2015.

5. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

6. Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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.

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

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

To the Board Members:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Lawrence County District Board of Health, Lawrence County, Ohio (the District) as of and for the years ended December 31, 2015 and December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated January 11, 2017 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statements audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2015-001.

Entity's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

January 11, 2017

**LAWRENCE COUNTY DISTRICT BOARD OF HEALTH
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2015-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it is appropriated.

At December 31, 2015, expenditures exceeded appropriations as follows:

Fund	Appropriations	Expenditures	Dollar Variance
General Fund	\$298,063	\$300,356	(\$2,293)

At December 31, 2014, expenditures exceeded appropriations as follows:

Fund	Appropriations	Expenditures	Dollar Variance
General Fund	\$297,658	\$298,961	(\$1,303)
Project Water Quality	\$0	\$13,996	(\$13,996)

This could result in overspending if not properly monitored.

We recommend that the Fiscal Officer not approve expenditures unless the expenditure is properly appropriated.

Officials' Response:

I will ensure that expenditures are properly appropriated before approval is given in accordance with ORC 5705.41(B). I will take care in monitoring the approved budget and posting budgetary items to the accounting system to ensure spending occurs within appropriated limits.

FINDING NUMBER 2015-002

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statement.

Sound financial reporting is the responsibility of the Fiscal Officer and Board and is essential to ensure the information provided to the readers of the financial statement is complete and accurate.

The District misclassified and misposted various receipts to the annual financial report submitted to the Auditor of State for fiscal years 2015 and 2014. These misstatements had the following effect on the District's financial statements:

On the December 31, 2015 Financial Statement:

**FINDING NUMBER 2015-002
(Continued)**

- Unrecorded receipts from December 2015 related to Licenses, Permits, and Fees of \$4,679 in the General Fund and \$15,601 in Special Revenue funds were not included in the annual financial report.
- Intergovernmental receipts in the amount of \$9,612 for the General Fund were improperly classified as Licenses, Permits, and Fees.
- Intergovernmental receipts in the amount of \$4,000 for the General Fund were improperly classified as Transfers In.
- Intergovernmental receipts in the total amount of \$28,956 for Special Revenue funds were improperly classified as Federal Awards.
- Licenses, Permits, and Fees in the amount of \$34,655 for Special Revenue funds were improperly classified as Federal Awards.
- Other receipts in the amount of \$80 for Special Revenue funds were improperly classified as Federal Awards.
- Federal Award receipts from December 2015 in the amount of \$1,607 in Special Revenue funds were not included on the annual financial report.
- Fund balance in the amount of \$2,845 was not properly classified as assigned for encumbrances outstanding at year end in the General fund.

On the December 31, 2014 Financial Statement:

- Homestead and rollback receipts in the amount of \$6,025 should have been posted in the General Fund instead of the Family Planning (Special Revenue) fund as intergovernmental receipts.
- License, Permits, and Fees in the amount of \$32,643 for Special Revenue funds were improperly classified as Federal Awards.
- Fund balance in the amount of \$2,063 was not properly classified as assigned for encumbrances outstanding at year end in the General fund.

This resulted in audit adjustments and reclassifications to the financial statements. Where applicable, the District's accounting records were adjusted.

To ensure the District's financial statement and notes to the financial statement are complete and accurate, the District should adopt policies and procedures, including a final review of the statement and footnotes by the Fiscal Officer and Board to identify and correct errors and omissions.

We also recommend the Fiscal Officer take care in posting transactions in order to ensure the year-end financial statements reflect the appropriate activity for the District's receipts.

Officials' Response:

I will get with the County Auditor and review the receipt posting process and begin using that process. I will take better care in posting fees, expenditures and receipts correctly and receipts will be written for receipts received.



Dave Yost • Auditor of State

LAWRENCE COUNTY DISTRICT BOARD OF HEALTH

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 31, 2017