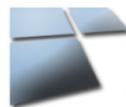


LAWRENCE COUNTY DISTRICT BOARD OF HEALTH  
LAWRENCE COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



*Millhuff-Stang*

CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE  
KEITH FABER



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Members of the Board  
Lawrence County District Board of Health  
2122 S. 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, 2019 through December 31, 2020. 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

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 cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

July 22, 2021

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**Lawrence County District Board of Health**  
*Table of Contents*  
*For the Years Ended December 31, 2019 and 2018*

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**Independent Auditor's Report**

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 by fund type and related notes of Lawrence County District Board of Health, Lawrence County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

***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(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 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(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 *Additional Opinion Qualification* 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, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Basis for Additional Opinion Qualification***

The supporting documentation for a majority of the District's receipt transactions for the year ending December 31, 2018 was destroyed in a flood and a computer crash. We were unable to obtain sufficient appropriate audit evidence supporting the receipt amounts recorded. As a result, we were unable to obtain sufficient appropriate audit evidence supporting the fund balances at December 31, 2018, beginning fund balances at January 1, 2019 and ending fund balances at December 31, 2019. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

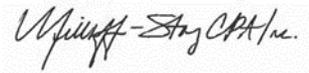
In our opinion, except for the possible effects of the matters described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Lawrence County District Board of Health, Lawrence County Ohio as of December 31, 2019 and 2018, and 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 2.

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing 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 June 25, 2021, 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.



Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

June 25, 2021

**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, 2019*

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Property Taxes	\$ 330,314	\$ -	\$ 330,314
Licenses, Permits, and Fees	49,422	293,495	342,917
Charges for Services	-	111,426	111,426
Intergovernmental:			
Apportionments	33,129	-	33,129
Grants	76,363	267,260	343,623
<b>Total Cash Receipts</b>	<b>489,228</b>	<b>672,181</b>	<b>1,161,409</b>
Cash Disbursements			
Current:			
Health:			
Salaries	203,652	275,029	478,681
Supplies	26,572	64,426	90,998
Travel and Expenses	5,131	11,752	16,883
Hospitalization	54,342	4,000	58,342
Public Employees' Retirement	28,469	38,550	67,019
Workers' Compensation	2,058	-	2,058
Medicare	2,892	3,874	6,766
Settlement Expenses	9,254	-	9,254
Contract Services	11,187	35,068	46,255
Other	40,248	112,245	152,493
<b>Total Cash Disbursements</b>	<b>383,805</b>	<b>544,944</b>	<b>928,749</b>
<b>Net Change in Fund Balances</b>	<b>105,423</b>	<b>127,237</b>	<b>232,660</b>
<b>Fund Cash Balances, January 1</b>	<b>152,118</b>	<b>282,326</b>	<b>434,444</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	409,563	409,563
Assigned	3,718	-	3,718
Unassigned	253,823	-	253,823
<b>Fund Cash Balances, December 31</b>	<b>\$ 257,541</b>	<b>\$ 409,563</b>	<b>\$ 667,104</b>

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, 2019*

---

**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, vital statistics 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:

*Family Planning Fund* This is a federal grant fund that accounts for medical services for the uninsured prenatal, contraceptive and disease prevention community.

*Restaurant Fund* This fund receives annual food license fees.

**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 (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.

**Budgetary Process**

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

**Lawrence County District Board of Health**

*Notes to the Financial Statements  
For the Year Ended December 31, 2019*

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*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.

*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 2019 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.

**Lawrence County District Board of Health**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$512,751	\$489,228	(\$23,523)
Special Revenue	774,550	672,181	(102,369)
Total	\$1,287,301	\$1,161,409	(\$125,892)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$385,288	\$387,523	(\$2,235)
Special Revenue	552,199	552,200	(1)
Total	\$937,487	\$939,723	(\$2,236)

**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.

Cash received by the District is deposited into the District's bank account prior to paying into the County Treasurer. The balance of this account at December 31, 2019 is as follows:

Demand deposits	\$85,628
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Deposits are insured by the Federal Depository Insurance Corporation.

**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.

**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, 2019*

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**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. OPRM had 776 members as of December 31, 2019.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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, 2019.

**Lawrence County District Board of Health**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2019*

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**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, 2019.

**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 2019. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – Construction and Contractual Commitments**

There were no outstanding construction or other contractual commitments for 2019.

**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 – Subsequent Event**

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 may impact subsequent periods of the District. 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.

**Note 12 – Compliance**

The District did not properly encumber funds, which is contrary to Ohio Revised Code Section 5705.41(D). The District did not properly maintain the minute record which is contrary to Ohio Revised Code Section 121.22 (C). The District did not properly maintain records according to Ohio Revised Code Section 149.35(A). The District did not deposit monies with the County Treasurer in accordance with Ohio Revised Code Section 3709.31.

**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, 2018

	General	Special Revenue	Total (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	\$ 245,062	\$ -	\$ 245,062
Licenses, Permits, and Fees	233,377	167,668	401,045
Charges for Services	22,500	18,083	40,583
Intergovernmental:			
Apportionments	16,645	-	16,645
Grants	9,628	475,862	485,490
<b>Total Cash Receipts</b>	<b>527,212</b>	<b>661,613</b>	<b>1,188,825</b>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	232,476	228,043	460,519
Supplies	72,032	50,824	122,856
Travel and Expenses	2,777	9,981	12,758
Hospitalization	63,954	-	63,954
Public Employees' Retirement	31,547	31,843	63,390
Workers' Compensation	924	1,356	2,280
Medicare	3,627	2,910	6,537
Settlement Expenses	8,105	-	8,105
Contract Services	22,881	75,587	98,468
Other	55,858	79,076	134,934
<b>Total Cash Disbursements</b>	<b>494,181</b>	<b>479,620</b>	<b>973,801</b>
<b>Other Financing Sources/(Uses)</b>			
Other Financing Sources	669	1,400	2,069
Transfers In	-	96,038	96,038
Transfers Out	(96,038)	-	(96,038)
<b>Total Other Financing Sources/(Uses)</b>	<b>(95,369)</b>	<b>97,438</b>	<b>2,069</b>
<b>Net Change in Fund Balances</b>	<b>(62,338)</b>	<b>279,431</b>	<b>217,093</b>
<b>Fund Cash Balances, January 1</b>	<b>214,456</b>	<b>2,895</b>	<b>217,351</b>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	282,326	282,326
Assigned	244	-	244
Unassigned	151,874	-	151,874
<b>Fund Cash Balances, December 31</b>	<b>\$ 152,118</b>	<b>\$ 282,326</b>	<b>\$ 434,444</b>

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, 2018*

---

**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, vital statistics, and issues health-related licenses and permits.

During 2018, the City of Ironton transferred their health department including vital statistics and food inspections to Lawrence County District Board of Health.

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:

*Reproductive Health and Wellness (RHW) Fund* This is a federal grant fund that accounts for the medical services for the uninsured prenatal, contraceptive and disease prevention community.

*Immunization (IAP) Fund* This is a federal grant fund that assists in immunization education to immunization providers, parents, and schools.

*Child and Family Services (CHFS) Fund* This is a federal grant fund that assists in community education to assure the social/emotional needs of children and adolescents are met.

*Public Health Infrastructure (PHEP) Fund* This is a federal grant fund that assists the District in preparing for public health emergencies.

*Dental Sealant (DS) Fund* This is a federal grant fund that assists in applying dental sealants to teeth of high risk grade school students who meet the ODH criteria of poverty level household incomes.

**Lawrence County District Board of Health**

*Notes to the Financial Statements  
For the Year Ended December 31, 2018*

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**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 (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.

**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.

*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 2018 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.

**Lawrence County District Board of Health**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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*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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$599,196	\$527,881	(\$71,315)
Special Revenue	632,889	759,051	126,162
Total	\$1,232,085	\$1,286,932	\$54,847

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$590,463	\$590,463	\$0
Special Revenue	639,021	512,839	126,182
Total	\$1,229,484	\$1,103,302	\$126,182

**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.

Cash received by the District is deposited into the District's bank account prior to paying into the County Treasurer. The balance of this account at December 31, 2018 is as follows:

Demand deposits      \$213,733

Deposits are insured by the Federal Depository Insurance Corporation.

**Lawrence County District Board of Health**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**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.

**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.

**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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. 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. 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. OPRM had 774 members as of December 31, 2018.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

**Lawrence County District Board of Health**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018 (the latest information available).

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://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, 2018.

**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, 2018.

**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 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 9 – Construction and Contractual Commitments**

There were no outstanding construction or other contractual commitments for 2018.

**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.

**Lawrence County District Board of Health**

*Notes to the Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 11 – Subsequent Event**

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 may impact subsequent periods of the District. 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.

**Note 12 – Compliance**

The District did not properly encumber funds, which is contrary to Ohio Revised Code Section 5705.41(D). The District did not properly maintain the minute record which is contrary to Ohio Revised Code Section 121.22 (C). The District did not properly maintain records according to Ohio Revised Code Section 149.35(A). The District did not deposit monies with the County Treasurer in accordance with 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

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, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 25, 2021, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

**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) to determine the 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 have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as items 2019-001, 2019-005 through 2019-008 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*

### **Compliance and Other Matters**

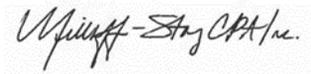
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-002 through 2019-004 and 2019-008.

### **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 entity'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.  
Portsmouth, Ohio

June 25, 2021

**Lawrence County District Board of Health**  
**Lawrence County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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

**Finding Number 2019-001**

**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 in 2019 and misclassified various expenditures in 2018 that were corrected in the accompanying financial statements. Additionally, the notes to the financial statements were not properly prepared and required modifications in 2018. These errors were corrected in the accompanying financial statements.

It was also noted, that the District has an outside bank account during 2018 and 2019. The District would deposit funds into this bank account and subsequently write checks to the County for the monies collected. The audit team discovered that the outside bank account had a balance of \$85,628 at December 31, 2019 and \$213,733 at December 31, 2018 due to the District not properly or timely depositing funds to the County for recording in the accounting records. The audit firm discussed this issue with the District and consequently 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 and related note disclosures.

**District Response:**

LCHD Board will implement control procedures regarding financial reporting. Monthly board meetings and cross evaluations with new hire will be done monthly.

**Finding Number 2019-002**

**Noncompliance Citation – Ohio Revised Code Section 121.22(C)**

Ohio Rev. Code Section 121.22(C) states, in part, that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. Ohio Revised Code Section 121.22(G) states, in part, that an executive session requires a majority of a quorum by roll call vote at a regular or special meeting for the sole purpose of the consideration of only certain allowable matters. The minutes need to only reflect the general subject matter of discussions in executive sessions. Additionally, a sound internal control framework is pertinent to a properly functioning organization. A pertinent element of a properly functioning internal control system is sufficiently maintaining an accurate record of proceedings.

Inadequacies were noted in the maintaining of the minute record. They were as follows:

1. Instances occurred where the District's minute book did not contain minutes that were approved and were signed by the Board President and the Fiscal Officer.
2. Monthly reports were being provided to the Board during the meetings; however, there were instances where we could not observe evidence of this from the Fiscal Officer's records or minute book.
3. Executive sessions did not always indicate a purpose as required and there was not always an indication of the meeting being returned to regular session.
4. The roll call was not always documented in the minute record.

**Lawrence County District Board of Health**  
**Lawrence County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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**Finding Number 2019-002**

**Noncompliance Citation – Ohio Revised Code Section 121.22(C) (Continued)**

The District should implement additional procedures to ensure that minutes document all actions taken by the Board and all information as required by the Ohio Revised Code.

**District Response:**

Lawrence County Board will implement control procedures regarding financial reporting. In addition, an additional employee was hired to assist in work load. There will be more evaluations done during board meetings. In executive session, the Board will review ORC 121.22 and vote per quorum. In entering executive meeting, reflect the subject matter.

**Finding Number 2019-003**

**Noncompliance Citation – Ohio Revised Code Section 149.351(A)**

Ohio Revised Code Section 149.351(A) states that all records are property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42 of the Revised Code or under the records programs established by the boards of trustees of state-supported institutions of higher education under Section 149.33 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

During 2018, the District experienced a flood and multiple computer crashes which led to the majority of its 2018 supporting documentation being ruined and/or lost. This made the testing of 2018 revenues not possible. Additionally, we noted supporting documentation that was not maintained during testing of 2019 revenues. However, additional assurance was obtained through alternative testing procedures.

2018 expenditures were able to be tested as the County is the fiscal agent for the District and copies of invoices and purchases orders are maintained in the VIP accounting system.

In testing of nonpayroll expenditures, we noted one instance where we could not tie out the amount paid to the supporting documentation provided. We noted a difference of \$70 between the support and the expenditure amount.

We noted that neither the Fiscal Officer nor the County Auditor could locate support for the District's original 2018 budget filed with the County Auditor's office.

The District should implement procedures to ensure that all supporting documentation is maintained and that a proper audit trail is kept.

**District Response:**

LCHD has hired Digit 3 to backup all our files daily. Newly hired personnel will help oversee any paperwork created.

**Lawrence County District Board of Health**  
**Lawrence County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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**Finding Number 2019-004**

**Noncompliance Citation – Ohio Revised Code Section 5705.41(D)(1)**

Ohio Revised Code Section 5705.41(D)(1) states, in part, that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrants shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in subsections (D)(1) and (D)(3) of Section 5705.41, respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The District had unrecorded encumbrances of \$32,207 in fund E19 in 2019. We also noted multiple instances where the invoice date preceded the purchase order date in 2019. We also noted that expenditures related to a copier lease were charged to a superblanket purchase order through June 2020.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

**Lawrence County District Board of Health**  
**Lawrence County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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**Finding Number 2019-004**

**Noncompliance Citation – Ohio Revised Code Section 5705.41(D)(1) (Continued)**

The District should adopt procedures to ensure that there are no unrecorded encumbrances at year-end. Additionally, the Fiscal Officer should certify the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that indicate the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the District incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. Last, we recommend that the District adopt proper procedures to ensure that superblanket POs do not extend past fiscal year-end.

**District Response:**

A new person was hired 6/23/21 to assist in all accounting functions. With two people working in the accounting office things will be paid on time. We no longer use purchase orders. It is determined through budgets what can be purchased. It is then approved by the Fiscal Officer, when product and invoice are received the bill is paid.

**Finding Number 2019-005**

**Material Weakness – Disaster Recovery Plan**

A Disaster Recovery Plan should be developed, documented, tested and maintained. This plan should identify arrangements for contingency data processing on compatible hardware and software; key individuals to be contacted and their role in the recovery; and the location of backup data and source documents. Several copies of this plan should be kept off-site in the event that the on-site copies are destroyed during a disaster. In addition, the plan should be updated and tested periodically to ensure that it is current.

Backup computer files should be readily available and properly secured to ensure their usefulness as part of a complete Disaster/Emergency policy. This requires that computer files are backed up regularly and rotated to a secure readily accessible off-site storage location.

The District lost the majority of its 2018 records due to a computer crash and a flood that occurred at the District's office. We were unable to test 2018 revenues due to this issue.

The District should adopt the appropriate disaster recovery plan and periodically test the plan for its effectiveness.

**District Response:**

LCHD has hired Digit 3 to maintain a daily backup of all of our records.

**Finding Number 2019-006**

**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.

**Lawrence County District Board of Health**  
**Lawrence County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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**Finding Number 2019-006**

**Material Weakness – Bank Reconciliations (Continued)**

The District had variances of \$85,628 at December 31, 2019 and \$213,733 at December 31, 2018 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 2018 and 2019.

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:**

LCHD has hired a staff auditor to assist in all accounting responsibilities. This person has BS in Business Accounting and MS in Math Sciences.

**Finding Number 2019-007**

**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.

In 2018 and 2019, 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 \$213,733 in the bank account at December 31, 2018 and \$85,628 at December 31, 2019. Further, it was noted that the District had to hire an outside consultant to properly reconcile its cash balances for 2018 and 2019. This resulted in cumbersome testing of revenues in 2019. We were unable to test revenues in 2018 due to the lack of records, which were destroyed in a computer crash and flood. 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:**

LCHD has hired additional staff to ensure all receipts are paid into the County in a timely manner. The Board will adopt approved fee schedules for all programs.

**Lawrence County District Board of Health**  
**Lawrence County**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2019 and 2018*

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**Finding Number 2019-008**

**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 \$85,628 at December 31, 2019 and \$213,733 at December 31, 2018. 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 funds are now being deposited into the County Auditor's fund monthly, if not more often. In addition, an additional person has been hired to facilitate deposits being done on a more regular basis.

**Lawrence County District Board of Health**  
*Schedule of Prior Audit Findings*  
*For the Year Ended December 31, 2019 and 2018*

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Take, or Finding No Longer Valid, Explain
2017-001	Material Citation – Ohio Revised Code Section 5705.41 (B)	No	Reissued in management letter
2017-002	Material Weakness – Financial Reporting	No	2019-001

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# 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 8/3/2021**

88 East Broad 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](http://www.ohioauditor.gov)