

***ASHLAND COUNTY DISTRICT BOARD OF HEALTH***

**ASHLAND COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2006 & 2005**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Governmental Consultants**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Ashland County District Board of Health  
110 College Street  
Ashland, Ohio 44805

We have reviewed the *Report of Independent Accountants* of the Ashland County District Board of Health, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Ashland County District Board of Health is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 29, 2007

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**ASHLAND COUNTY DISTRICT BOARD OF HEALTH**  
**ASHLAND COUNTY, OHIO**  
**Audit Report**  
**For the years ended December 31, 2006 & 2005**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Report of Independent Accountants	1-2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Years Ended December 31, 2006 & 2005	3-4
Notes to the Financial Statements	5-11
Report on Internal Control Over Financial Reporting and on Compliance and on Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12-13
Schedule of Prior Audit Findings	14

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Ashland County District Board of Health  
Ashland County  
110 College Street  
Ashland, Ohio 44805

To the Board of Health:

We have audited the accompanying financial statements of the Ashland County District Board of Health (District), Ashland County, Ohio as and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for both years. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Ashland County District Board of Health, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***

April 12, 2007



**ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2006**

	<u>Governmental Fund Types</u>		<u>(Memorandum Only) Total</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 162,556	-	\$ 162,556
Subdivision	22,000	-	22,000
State Subsidy	26,210	-	26,210
Federal Awards	-	\$ 212,339	212,339
Permits	66,375	-	66,375
Other Fees	168,906	150,406	319,312
Licenses	43,034	-	43,034
Other	1,843	5,945	7,788
<b>Total Cash Receipts</b>	<b>490,924</b>	<b>368,690</b>	<b>859,614</b>
<b>Cash Disbursements:</b>			
Salaries	242,596	87,811	330,407
Fringe Benefits	45,964	22,954	68,918
Remittance to State	29,128	9,578	38,706
Supplies	49,583	-	49,583
Grant Expenses	-	254,079	254,079
Equipment	4,498	-	4,498
Contracts- Repair	38	-	38
Contracts- Services	11,024	2,222	13,246
Travel	13,789	4,601	18,390
Advertisement and Printing	391	-	391
Public Employees Retirement	33,235	12,030	45,265
Worker's Compensation	2,661	928	3,589
Other	24,521	1,250	25,771
<b>Total Cash Disbursements</b>	<b>457,428</b>	<b>395,453</b>	<b>852,881</b>
<b>Cash Receipts Over/(Under) Cash Disbursements</b>	<b>33,496</b>	<b>(26,763)</b>	<b>6,733</b>
<b>Other Financing Sources/(Uses):</b>			
Advances-In	6,000	6,000	12,000
Advances-Out	(6,000)	(6,000)	(12,000)
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Cash Receipts and Other Financing Sources Over Cash Disbursements and Other Financing Uses</b>	<b>33,496</b>	<b>(26,763)</b>	<b>6,733</b>
<b>Fund Balance, January 1, 2006</b>	<b>170,689</b>	<b>62,408</b>	<b>233,097</b>
<b>Fund Balance, December 31, 2006</b>	<b>\$ 204,185</b>	<b>\$ 35,645</b>	<b>\$ 239,830</b>

See accompanying Notes to the Financial Statements.

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2005**

	<u>Governmental Fund Types</u>		<u>(Memorandum Only) Total</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 165,706	-	\$ 165,706
Subdivision	22,000	-	22,000
State Subsidy	26,843	-	26,843
Federal Awards	-	\$ 310,275	310,275
Permits	70,412	-	70,412
Fees	138,029	138,897	276,926
Licenses	31,577	-	31,577
Other	1,160	818	1,978
<b>Total Cash Receipts</b>	<b>455,727</b>	<b>449,990</b>	<b>905,717</b>
<b>Cash Disbursements:</b>			
Salaries	230,786	85,133	315,919
Fringe Benefits	45,042	24,545	69,587
Remittance to State	26,367	9,728	36,095
Supplies	34,729	-	34,729
Grant Expenses	-	314,760	314,760
Equipment	876	-	876
Contracts- Repair	169	-	169
Contracts- Services	10,970	2,214	13,184
Travel	10,772	3,869	14,641
Advertisement and Printing	138	-	138
Public Employees Retirement	31,208	11,536	42,744
Worker's Compensation	1,814	802	2,616
Other	28,006	560	28,566
<b>Total Cash Disbursements</b>	<b>420,877</b>	<b>453,147</b>	<b>874,024</b>
<b>Cash Receipts Over/(Under) Cash Disbursements</b>	<b>34,850</b>	<b>(3,157)</b>	<b>31,693</b>
<b>Other Financing Sources/(Uses):</b>			
Advances-In	10,300	9,300	19,600
Advances-Out	(9,300)	(10,300)	(19,600)
<b>Total Other Financing Sources/(Uses)</b>	<b>1,000</b>	<b>(1,000)</b>	<b>-</b>
<b>Excess of Cash Receipts and Other Financing Sources Over Cash Disbursements and Other Financing Uses</b>	<b>35,850</b>	<b>(4,157)</b>	<b>31,693</b>
<b>Fund Balance, January 1, 2005</b>	<b>134,839</b>	<b>66,565</b>	<b>201,404</b>
<b>Fund Balance, December 31, 2005</b>	<b>\$ 170,689</b>	<b>\$ 62,408</b>	<b>\$ 233,097</b>

See accompanying Notes to the Financial Statements.

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO**

**Notes To The Financial Statements  
For the Years Ended December 31, 2006 & 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Ashland County District Board of Health, Ashland County, Ohio, (the District) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by a six-member Board of Trustees. An appointed Health Commissioner is responsible for administering the laws relating to health and sanitation in the County. Services provided by the Health Department include recording of vital statistics; inspecting food service facilities, water wells, sewers; public health nursing services; and acting upon various complaints made to the department concerning the health and welfare of the County.

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

**B. BASIS OF ACCOUNTING**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when they are earned. Disbursements are recognized when they are paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. CASH**

As required by Ohio Revised Code, the County Treasurer is the custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

**D. FUND ACCOUNTING**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO**

**Notes To The Financial Statements  
For the Years Ended December 31, 2006 & 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**D. FUND ACCOUNTING - (continued)**

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District has the following significant Special Revenue Fund:

*Women, Infants and Children (WIC) Fund* - This is a federal grant fund used to account for the Special Supplemental Nutrition Program.

**E. BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. Estimated resources are required to be certified to the Ashland County Auditor and by him submitted to the Ashland County Budget Commission for approval.

**3. Encumbrances**

The District reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year.

Encumbrances are purchase orders, contracts and other commitments for the expenditure of monies that are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain with Board policy.

A summary of 2006 and 2005 budgetary activities appears in Note 2.

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO**

**Notes To The Financial Statements  
For the Years Ended December 31, 2006 & 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**F. PROPERTY, PLANT AND EQUIPMENT**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. ACCUMULATED LEAVE**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's basis of accounting.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and 2005 is as follows:

2006 Budgeted vs. Actual Receipts				
Fund Type	Budgeted Receipts	Actual Receipts	Variance	
General	\$ 493,085	\$ 496,924	\$	3,839
Special Revenue	513,700	374,690		(139,010)
Total	\$ 1,006,785	\$ 871,614	\$	(135,171)

2006 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance	
General	\$ 464,298	\$ 463,428	\$	870
Special Revenue	526,507	401,453		125,054
Total	\$ 990,805	\$ 864,881	\$	125,924

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO**

**Notes To The Financial Statements  
For the Years Ended December 31, 2006 & 2005**

**2. BUDGETARY ACTIVITY - (continued)**

<b>2005 Budgeted vs. Actual Receipts</b>				
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>	
General	\$ 467,696	\$ 466,027	\$	(1,669)
Special Revenue	708,930	459,290		(249,640)
<b>Total</b>	<b>\$ 1,176,626</b>	<b>\$ 925,317</b>	<b>\$</b>	<b>(251,309)</b>

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>				
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>	
General	\$ 440,665	\$ 430,177	\$	10,488
Special Revenue	718,702	463,447		255,255
<b>Total</b>	<b>\$ 1,159,367</b>	<b>\$ 893,624</b>	<b>\$</b>	<b>265,743</b>

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

The Ashland County Auditor acts as fiscal agent for the District, and the Ashland County Treasurer maintains a cash pool used by all County funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash on deposit with the fiscal agent at December 31 follows:

	<u>2006</u>	<u>2005</u>
Demand Deposits	<u>\$239,830</u>	<u>\$233,097</u>

**4. PROPERTY TAXES**

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

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

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

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

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO**

**Notes To The Financial Statements  
For the Years Ended December 31, 2006 & 2005**

**5. RETIREMENT SYSTEM**

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006, OPERS members contributed 9% of their gross salaries. For 2005, OPERS members contributed 8.5 % of their gross salaries. The District contributed an amount equal to 13.70% for 2006 and 13.55% for 2005 of participants' gross salaries. The District has paid all contributions required through December 31, 2006.

**6. RISK MANAGEMENT**

The District belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Insurance**

PEP retains casualty risk up to \$250,000 per claim, including automobile loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000, from General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Insurance**

Through 2004, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pay losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit. The aggregate loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO**

**Notes To The Financial Statements  
For the Years Ended December 31, 2006 & 2005**

**6. RISK MANAGEMENT - (continued)**

Members may withdraw in each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of their anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus subsequent year's premium. Also, upon withdrawal, payments of all property and casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (the latest information available):

<u>Casualty Insurance</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$30,547,049
Liabilities	(15,994,168)	(16,989,918)
Retained Earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>
<u>Property Insurance</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,652,970
Liabilities	(1,068,245)	(544,771)
Retained Earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The casualty coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in the future annual premium billings when PEP's related liabilities are due for payment.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been significant reductions in insurance coverage from last year.

The District also provides health insurance, dental, and vision coverage to full-time employees through a private carrier.

**7. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**8. ADVANCES**

The District advances funds from the General Fund to the WIC Fund. The WIC funds will repay the General Fund once grant funds are received.



**ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO**

**Notes To The Financial Statements  
For the Years Ended December 31, 2006 & 2005**

**9. SUBDIVISION RECEIPTS**

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. These amounts are reported as subdivision receipts in the financial statements. Clear Creek, Green, Hanover, Jackson, Lake, Mifflin, Milton, Mohican, Montgomery, Orange, Perry, Ruggles, Sullivan, Troy and Vermillion Townships, and the Villages of Bailey Lakes, Hayesville, Jeromesville, Loudonville, Mifflin, Perrysville, Polk and Savannah comprise the District.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**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**

Ashland County District Board of Health  
Ashland County  
110 College Street  
Ashland, Ohio 44805

To the Board of Health:

We have audited the financial statements of Ashland County District Board of Health, Ashland County Ohio (District) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 12, 2007, wherein we noted the District followed accounting practices prescribed or permitted by the Auditor of State of Ohio. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices prescribed or permitted by the Auditor of State of Ohio such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### 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, grants agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the District in a separate letter dated April 12, 2007.

This report is intended for the information and use of management and the Board of Health and is not intended to be and should not be used by anyone other than these specified parties.

*Charles E. Harris & Associates, Inc.*  
April 12, 2007

**ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 & 2005**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2004-ACBOH-01	The District did not properly certify expenditures with the Ashland County Auditor.	No	Partially Corrected. Included as Management Letter Item.
2004-ACBOH-02	The District's appropriations exceeded estimated resources	Yes	No Longer Valid



**Mary Taylor, CPA**  
Auditor of State

**DISTRICT BOARD OF HEALTH**

**ASHLAND 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  
JUNE 12, 2007**