

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

**ASHLAND COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2008 & 2007**

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





# Mary Taylor, CPA

Auditor of State

Ashland County District Board of Health  
110 Cottage 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, 2007 through December 31, 2008. 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, 2006 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants Report* 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

June 3, 2009

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**ASHLAND COUNTY DISTRICT BOARD OF HEALTH**  
**ASHLAND COUNTY, OHIO**  
**Audit Report**  
**For the years ended December 31, 2008 & 2007**

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

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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, 2008 and 2007. 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, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, 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, 2008 and 2007, 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, 2008 and 2007, 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, 2008 and 2007, 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, 2008 and 2007. 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 May 11, 2009, 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.***

May 11, 2009



**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, 2008**

	<u>Governmental Fund Types</u>		<u>(Memorandum Only) Total</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 186,555	-	\$ 186,555
Subdivision	22,000	-	22,000
State Subsidy	18,646	-	18,646
Federal Awards	-	\$ 141,391	141,391
Permits	31,048	-	31,048
Other Fees	167,595	193,657	361,252
Licenses	42,102	-	42,102
Other	5,423	8,612	14,035
<b>Total Cash Receipts</b>	<b>473,369</b>	<b>343,660</b>	<b>817,029</b>
<b>Cash Disbursements:</b>			
Salaries	285,041	110,121	395,162
Fringe Benefits	59,183	25,828	85,011
Remittance to State	24,292	9,950	34,242
Supplies	54,210	570.00	54,780
Grant Expenses	-	117,571	117,571
Equipment	1,199	2,355.00	3,554
Contracts- Services	15,123	1,755	16,878
Travel	12,646	5,387	18,033
Advertisement and Printing	296	-	296
Public Employees Retirement	39,903	15,417	55,320
Worker's Compensation	4,078	1,370	5,448
Other	21,790	4,082	25,872
<b>Total Cash Disbursements</b>	<b>517,761</b>	<b>294,406</b>	<b>812,167</b>
<b>Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(44,392)</b>	<b>49,254</b>	<b>4,862</b>
<b>Fund Balance, January 1, 2008</b>	<b>175,252</b>	<b>26,080</b>	<b>201,332</b>
<b>Fund Balance, December 31, 2008</b>	<b>\$ 130,860</b>	<b>\$ 75,334</b>	<b>\$ 206,194</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, 2007**

	<u>Governmental Fund Types</u>		<u>(Memorandum Only) Total</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$ 182,821	-	\$ 182,821
Subdivision	22,000	-	22,000
Federal Awards	9,501	\$ 120,053	129,554
Permits	41,237	155,426	196,663
Fees	185,148	-	185,148
Licenses	37,033	-	37,033
Other	1,243	3,129	4,372
<b>Total Cash Receipts</b>	<b>478,983</b>	<b>278,608</b>	<b>757,591</b>
<b>Cash Disbursements:</b>			
Salaries	266,761	93,377	360,138
Fringe Benefits	50,049	26,180	76,229
Remittance to State	24,874	9,718	34,592
Supplies	69,323	782	70,105
Grant Expenses	-	132,294	132,294
Equipment	939	-	939
Contracts- Repair	169	-	169
Contracts- Services	12,907	2,332	15,239
Travel	12,339	4,403	16,742
Advertisement and Printing	504	-	504
Public Employees Retirement	36,820	12,934	49,754
Worker's Compensation	3,724	1,163	4,887
Other	29,507	4,990	34,497
<b>Total Cash Disbursements</b>	<b>507,916</b>	<b>288,173</b>	<b>796,089</b>
<b>Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(28,933)</b>	<b>(9,565)</b>	<b>(38,498)</b>
<b>Fund Balance, January 1, 2007</b>	<b>204,185</b>	<b>35,645</b>	<b>239,830</b>
<b>Fund Balance, December 31, 2007</b>	<b>\$ 175,252</b>	<b>\$ 26,080</b>	<b>\$ 201,332</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, 2008 & 2007**

**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, 2008 & 2007

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. This District has the following significant Special Revenue Fund:

*Public Health Infrastructure Fund* – This is a federal grant fund used to address bioterrorism, other outbreaks of infectious disease and other public health threats and emergencies at the county and regional level.

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 2008 and 2007 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, 2008 & 2007**

**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, 2008 and 2007 is as follows:**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 473,666	\$ 473,369	\$ (297)
Special Revenue	342,725	343,660	935
Total	\$ 816,391	\$ 817,029	\$ 638

2008 Budgeted vs. Actual Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$ 523,820	\$ 517,761	\$ 6,059
Special Revenue	336,492	294,406	42,086
Total	\$ 860,312	\$ 812,167	\$ 48,145

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

**Notes To The Financial Statements  
For the Years Ended December 31, 2008 & 2007**

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

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 462,946	\$ 478,983	\$ 16,037
Special Revenue	289,214	278,608	(10,606)
<b>Total</b>	<b>\$ 752,160</b>	<b>\$ 757,591</b>	<b>\$ 5,431</b>

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$ 512,237	\$ 507,916	\$ 4,321
Special Revenue	305,529	288,173	17,356
<b>Total</b>	<b>\$ 817,766</b>	<b>\$ 796,089</b>	<b>\$ 21,677</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>2008</u>	<u>2007</u>
Demand Deposits	<b><u>\$206,194</u></b>	<b><u>\$201,332</u></b>

**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, 2008 & 2007**

**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 2008, OPERS members contributed 10% of their gross salaries. For 2007, OPERS members contributed 9.5 % of their gross salaries. The District contributed an amount equal to 14% for 2008 and 13.85% for 2007 of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

**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**

For occurrences prior to January 1, 2006, 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 up to \$10,000,000, from General Reinsurance Corporation.

For occurrences on or after January 1, 2006, PEP retains casualty risk up to \$350,000 per claim, including automobile loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000, up to \$2,650,000 per claim and \$10,000,000 in aggregate per year. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, from General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to an annual aggregate of \$10,000,000.

**Property Insurance**

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 2007 and 2006 were \$2,014,547 and \$1,901,127, respectively.

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, 2008 & 2007

6. RISK MANAGEMENT - (continued)

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, 2007 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Retained Earnings	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 of estimated incurred claims payable. The assets and retained earnings above include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. PEP will collect these amounts in the future annual premium billings when PEP's related liabilities are due for payment. The District's share of these unpaid claims collectible in the future is approximately \$21,000.

Based on discussion with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP each year of the membership.

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.

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.



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

**Notes To The Financial Statements  
For the Years Ended December 31, 2008 & 2007**

**8. 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, 2008 and 2007, and have issued our report thereon dated May 11, 2009, 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2008-001.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We noted certain matters that we have reported to management of the District in a separate letter dated May 11, 2009.

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.*  
May 11, 2009

ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO

Schedule of Findings  
For the Years Ended December 31, 2008 & 2007

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

**Finding Number:** 2008-001 Noncompliance Citation

**Ohio Revised Code Section 5705.41 (D)**, requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement state 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 sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time 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 the receipt of the "then and now" certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution 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 expenditure by the District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates 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.
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 items appropriation.

ASHLAND COUNTY DISTRICT BOARD OF HEALTH  
ASHLAND COUNTY, OHIO

Schedule of Findings- (continued)  
For the Years Ended December 31, 2008 & 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS-(CONTINUED)

**Finding Number:** 2008-001 Noncompliance Citation - continued

During the audit period, 15 out of 60 expenditures were not properly certified prior to purchasing the goods or services. The District should institute the use of purchase orders for any expenditure to be made and certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a "Then and Now" certificate.

**Management Response:**

The District will certify the availability of funds for all purchases.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 & 2007**

The prior audit report, for the years ending December 31, 2006 and 2005, reported no material citations or recommendations.



**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 16, 2009**