

STARK COUNTY DISTRICT BOARD OF HEALTH

STARK COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2007

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



Mary Taylor, CPA

Auditor of State

Board of Directors
Stark County District Board of Health
3951 Convenience Circle NW
Canton, Ohio 44718

We have reviewed the *Report of Independent Accountants* of the Stark County District Board of Health, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. 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 Stark County District Board of Health is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 5, 2008

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STARK COUNTY DISTRICT BOARD OF HEALTH
STARK COUNTY, OHIO
Audit Report
For the year ended December 31, 2007

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REPORT OF INDEPENDENT ACCOUNTANTS

Stark County District Board of Health
Stark County
3951 Convenience Circle N.W.
Canton, Ohio 44718

To the Board of Health:

We have audited the accompanying financial statements of the Stark County District Board of Health (the District), Stark County, Ohio, as of and for the year ended December 31, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 discussed 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, 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 year ended December 31, 2007. Instead of the combined funds the accompanying financial statements present for 2007, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2007. While the District does not follow GAAP, generally accepted auditing standards require 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 its 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 matters discussed in the preceding two paragraphs, the financial statements referred to above 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, 2007, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Stark County District Board of Health, Stark County, Ohio, as of December 31, 2007 and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 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 February 22, 2008, 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 testing of internal controls over financial reporting and compliance and the results of testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stark County District Board of Health's financial statements. The accompanying schedule of federal awards expenditures is presented for the purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information as been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
February 22, 2008

STARK COUNTY DISTRICT BOARD OF HEALTH
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2007

	Governmental Fund Types		(Memorandum Only)
	General	Special Revenue	Total
Cash Receipts:			
Charges for Services	\$ 378,958	\$ 1,286,783	\$ 1,665,741
Licenses, and Permits	218,998	836,871	1,055,869
Fines and Forfeitures	25,597	4,108	29,705
Intergovernmental	1,568,579	1,230,911	2,799,490
Private Grants	-	232,662	232,662
Donations	15,501	-	15,501
Reimbursements	76,456	-	76,456
Other	18,531	4,466	22,997
Total Cash Receipts	2,302,620	3,595,801	5,898,421
Cash Disbursements:			
Personal Services -Salaries and Wages	1,109,439	1,978,030	3,087,469
Personal Services -Employee Benefits	493,794	478,216	972,010
Supplies and Materials	160,066	79,435	239,501
Purchased Services	375,494	400,734	776,228
Capital Outlay	5,088	11,569	16,657
State Remittance	92,465	632,417	724,882
Township Remittance	-	29,479	29,479
Refunds	-	11,868	11,868
Travel	55,924	41,319	97,243
Other Allocations	4,196	-	4,196
Total Cash Disbursements	2,296,466	3,663,067	5,959,533
Total Cash Receipts Over/(Under) Cash Disbursements	6,154	(67,266)	(61,112)
Other Financing Sources/(Uses):			
Advances In	-	1,300	1,300
Advances Out	(1,300)	-	(1,300)
Total Other Financing Sources/(Uses)	(1,300)	1,300	-
Excess of Cash Receipts and Other Financing Sources Over/Under Cash Disbursements and Other Financing Uses	4,854	(65,966)	(61,112)
Fund Balance, January 1, 2007	90,110	396,902	487,012
Fund Balance, December 31, 2007	\$ 94,964	\$ 330,936	\$ 425,900
Reserves for Encumbrances, December 31	\$ 50,541	\$ 185,937	\$ 236,478

See accompanying Notes to the Financial Statements.

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

**Notes To The Financial Statements
For The Year Ended December 31, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Stark County District Board of Health, Stark County, Ohio, (the District) is a body corporate and politic 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 seven-member Board and a Health Commissioner. Five members are appointed by the advisory council, which consists of the president of the board of the county commissioners, the chief executive officer of each municipality not constituting a city health district, the president of the township board of trustees of each township, and one member is appointed by the cities of North Canton and Louisville. The Stark County Auditor and Treasurer are responsible for fiscal control of the resources of the District which are maintained as District funds. Services provided by the District include health education, communicable disease control, chronic disease control, primary care, laboratory services, food protection, drinking water protection, sewer disposal, vector control, nuisance control, maternal health, child health, nutrition services, school health, substance abuse, disaster preparedness, and accident prevention.

The District's management believes these financial statements present all activities for which the Health 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 earned, and disbursements are recognized 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 prescribed by the Auditor of State.

C. CASH

As required by Ohio Revised Code, the County Treasurer is 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 carrying amount.

D. FUND ACCOUNTING

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

1. General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

STARK COUNTY DISTRICT BOARD OF HEALTH
STARK COUNTY, OHIO

Notes To The Financial Statements
For The Year Ended December 31, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

2. Special Revenue Funds

To account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The District had the following significant Special Revenue Funds:

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

Public Health Nursing Fund – This fund receives money to provide public health nursing services, such as immunizations, home visits, and school nurses.

Child and Health Family Services Project (CHFSP) Fund - This fund attempts to eliminate health disparities, improve birth outcomes and improve the health status of women, infants and children.

E. BUDGETARY PROCESS

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

1. Appropriations

An appropriation measure is adopted by the District on or before the first Monday of April in each year for the period January 1 to December 31 of the following year. The appropriation measure is submitted to the County Auditor, who in turn, submits it to the County Budget Commission. The appropriation measure controls expenditures of the District. The District may, by resolution, transfer funds from one line item to another in the appropriation measure, reduce or increase any item, create new items, and make additional appropriations, subject to availability of funds and to the approval of the County Budget Commission.

The District's legal level of control has been established by the Board of Health at the object level.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered balances as of January 1.

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

**Notes To The Financial Statements
For The Year Ended December 31, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over in the subsequent year.

A summary of 2007 budgetary activity appears in Note 2.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as 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 year ending December 31, 2007 is as follows:

<u>2007 Budgeted vs. Actual Receipts</u>				
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>	
General	\$ 2,271,110	\$ 2,302,620	\$	31,510
Special Revenue	4,129,350	3,595,801	\$	(533,549)
Total	\$ 6,400,460	\$ 5,898,421	\$	(502,039)

<u>2007 Budgeted vs. Actual Budgetary Basis Expenditures</u>				
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>	
General	\$ 2,361,220	\$ 2,347,007	\$	14,213
Special Revenue	4,430,112	3,849,004	\$	581,108
Total	\$ 6,791,332	\$ 6,196,011	\$	595,321

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

**Notes To The Financial Statements
For The Year Ended December 31, 2007**

3. 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. Bethlehem, Canton, Jackson, Lake, Lawrence, Lexington, Marlboro, Nimishillen, Osnaburg, Paris, Perry, Pike, Plain, Sandy, Sugarcreek, Tuscarawas and Washington Townships, the Cities of North Canton, Canal Fulton and Louisville, and the Villages of Beach City, Brewster, East Canton, East Sparta, Hartville, Hills and Dale, Limaville, Magnolia, Meyers Lake, Minerva, Navarre, Waynesburg and Wilmot comprise the District.

4. RETIREMENT SYSTEM

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 2007, OPERS members contributed 9.5% of their wages. The District contributed an amount equal to 13.85% of participants' gross salaries in the year. The District has paid all contributions required through December 31, 2007.

5. 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, from \$2,000,000 to \$12,000,000, 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.

STARK COUNTY DISTRICT BOARD OF HEALTH
STARK COUNTY, OHIO

Notes To The Financial Statements
For The Year Ended December 31, 2007

5. RISK MANAGEMENT - (continued)

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 2006 and 2005 were \$1,901,127 and \$1,712,113, 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.

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, 2006 (the latest information available):

<u>Casualty Insurance</u>	<u>2006</u>
Assets	\$30,997,868
Liabilities	(15,875,741)
Retained Earnings	\$15,122,127
<u>Property Insurance</u>	<u>2006</u>
Assets	\$5,125,326
Liabilities	(863,163)
Retained Earnings	\$4,262,163

The casualty coverage assets and retained earnings above include approximately \$14.4 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006. 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.

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

**Notes To The Financial Statements
For The Year Ended December 31, 2007**

6. LANDFILL CLOSURE

On July 17, 2002, the Stark County District Board of Health voted to revoke the operating license of the Exit C&D Landfill located in Osnaburg Township, for accepting solid waste and operating outside the facility's approved plan.

Since 2004, the District expended approximately \$731,000 on completing the closure in accordance with Ohio Administrative Code. Operating landfills within the District are charged a per tonnage construction and demolition fee. The Board of Health uses this revenue to cover the costs of maintaining, replacing and operating pumps at the Exit C&D Landfill.

In March 2004, the District received a final settlement in the amount of \$487,000 from the landfill's insurance carrier. In order to recover the additional costs in excess of the insurance settlement, the District placed a \$240,000 lien on the property in October 2007.

7. EQUITY IN POOLED CASH AND INVESTMENTS

The Stark County Auditor acts as the fiscal agent for the Board of Health. The Stark County Treasurer maintains a cash and investment pool used by all funds held by the County, including those of the Board of Health. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash on deposit with the fiscal agent at December 31, 2007 was \$425,900.

8. OFFICE LEASE

The District is currently leasing its office facilities through December 31, 2009. Current monthly rent is \$22,112.

9. CONTINGENT LIABILITIES

The District may be a defendant in various lawsuits. Although, the outcome of the lawsuits is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2007.

**STARK COUNTY DISTRICT BOARD OF HEALTH
STARK COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Federal Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through the Ohio Department of Health / Passed Through City of Canton:</i>				
Special Supplemental Nutrition Program for Women Infants & Children	132-I	10.557	<u>\$330,775</u>	<u>\$335,590</u>
Total U.S. Department of Agriculture			<u>330,775</u>	<u>335,590</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Health:</i>				
Maternal and Child Health Services Block Grant to the States				
Child and Family Health Services Project	76-1-001-1-MC-06	93.994	456,347	456,347
Primary Dental Care Grant	76-1-001-1-EH-03	93.994	<u>50,000</u>	<u>50,000</u>
Total Maternal and Child Health Services Block Grant			506,347	506,347
Center for Disease Control and Prevention Injury Prevention Grant	76-1-001-2-EE-05	93.991	33,706	36,682
Medical Assistance Program (Title XIX)	N/A	93.778	190,904	190,904
<i>Passed Through Ohio Department of Health/Passed Through City of Canton:</i>				
Immunizations Grant	132-R	93.268	55,144	51,186
P.H. Infrastructure Grant	76-2-001-2-BI-03	93.283	216,141	211,094
<i>Passed Through Stark County Family Council:</i>				
Temporary Assistance Needy Families	N/A	93.558	<u>4,193</u>	<u>7,475</u>
Total Department of Health & Human Services			<u>1,006,435</u>	<u>1,003,688</u>
Totals			<u>\$1,337,210</u>	<u>\$1,339,278</u>

The accompanying notes to this schedule are an integral part of this schedule.

**STARK COUNTY DISTRICT BOARD OF HEALTH
STARK COUNTY**

**Notes to the Schedule of Federal Award Expenditures
For the Year Ended December 31, 2007**

Note A- Significant Accounting Policies

The accompanying Schedule of Federal Award Expenditures (the Schedule) is a summary of the activity of the District's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Stark County District Board of Health
Stark County
3951 Convenience Circle, N.W.
Canton, Ohio 44718-2660

To the Board of Health:

We have audited the financial statements of the Stark County General Health District, Stark County, Ohio (District), as and for the year ended December 31, 2007, and have issued our report thereon dated February 22, 2008, wherein we noted that the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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, grant 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 February 22, 2008.

This report is intended for the information and use of management, the Board of Health, the audit committee, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.

February 22, 2008

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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Stark County District Board of Health
Stark County
3951 Convenience Circle, N.W.
Canton, Ohio 44718-2660

To the Board of Health:

Compliance

We have audited the compliance of the Stark County District Board of Health, Stark County (District), with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2007. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of the internal control over compliance was for 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 compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of management, the Board of Health, the audit committee, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.

February 22, 2008

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**STARK COUNTY DISTRICT BOARD OF HEALTH
STARK COUNTY
December 31, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Child and Family Health Services Project Primary Dental Care Grant CFDA 93.994
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

STARK COUNTY DISTRICT BOARD OF HEALTH
STARK COUNTY
December 31, 2007

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**STARK COUNTY DISTRICT BOARD OF HEALTH
STARK COUNTY, OHIO
December 31, 2007**

STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS

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



Mary Taylor, CPA
Auditor of State

DISTRICT BOARD OF HEALTH

STARK 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
MAY 15, 2008**