



**Auditor of State
Betty Montgomery**

**DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

District Board of Health
Franklin County
280 East Broad Street
Columbus, Ohio 43215

To the Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

April 14, 2006

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

District Board of Health
Franklin County
280 East Broad Street
Columbus, Ohio 43215

To the Members of the Board:

We have audited the accompanying financial statements of the District Board of Health, Franklin County, Ohio (the District) as of and for the years ended December 31, 2005 and 2004. 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 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, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 this 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.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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, 2005 and 2004 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, 2005 and 2004, 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 District Board of Health, Franklin County, Ohio, as of December 31, 2005 and 2004, 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, 2005 and 2004. 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 14, 2006, 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 the 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.



Betty Montgomery
Auditor of State

April 14, 2006

**DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**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>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$988,872	\$1,166,861	\$2,155,733
Fees and Charges for Services	301,844	1,660,980	1,962,824
Licenses and Permits	0	1,330,444	1,330,444
Fines	0	8,370	8,370
Miscellaneous	20,772	0	20,772
	<u>1,311,488</u>	<u>4,166,655</u>	<u>5,478,143</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	686,236	1,938,371	2,624,607
Supplies	85,761	188,674	274,435
Remittances to State	0	320,600	320,600
Equipment	119,389	36,149	155,538
Contracts - Repair	23,608	3,714	27,322
Contracts - Services	196,211	928,357	1,124,568
Rentals	152,724	2,306	155,030
Travel	17,788	25,573	43,361
Advertising and printing	55,519	12,627	68,146
Public employee's retirement	120,136	321,780	441,916
Worker's compensation	5,155	33,870	39,025
Unemployment compensation	0	2,593	2,593
Other	133,166	465,199	598,365
	<u>1,595,693</u>	<u>4,279,813</u>	<u>5,875,506</u>
Total Disbursements			
Total Receipts (Under) Disbursements	<u>(284,205)</u>	<u>(113,158)</u>	<u>(397,363)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	12,345	0	12,345
Transfers-Out	0	(12,345)	(12,345)
Refunds	5,262	1,612	6,874
Reimbursements	94,542	3,496	98,038
Sale of Assets	1,341	0	1,341
	<u>113,490</u>	<u>(7,237)</u>	<u>106,253</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(170,715)	(120,395)	(291,110)
Fund Cash Balances, January 1	<u>398,357</u>	<u>633,856</u>	<u>1,032,213</u>
Fund Cash Balances, December 31	<u><u>\$227,642</u></u>	<u><u>\$513,461</u></u>	<u><u>\$741,103</u></u>

The notes to the financial statements are an integral part of this statement.

**DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$1,122,843	\$953,276	\$2,076,119
Fees and Charges for Services	358,549	1,299,840	1,658,389
Licenses and Permits	0	1,290,664	1,290,664
Fines	0	16,856	16,856
	<u>1,481,392</u>	<u>3,560,636</u>	<u>5,042,028</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	696,033	1,827,662	2,523,695
Supplies	72,906	151,069	223,975
Remittances to State	0	126,735	126,735
Equipment	89,366	36,100	125,466
Contracts - Repair	20,065	6,087	26,152
Contracts - Services	279,572	600,706	880,278
Rentals	166,980	0	166,980
Travel	30,747	37,749	68,496
Advertising and printing	48,931	25,753	74,684
Public employee's retirement	130,345	356,467	486,812
Worker's compensation	11,771	17,136	28,907
Unemployment compensation	0	4,426	4,426
Other	127,213	370,420	497,633
	<u>1,673,929</u>	<u>3,560,310</u>	<u>5,234,239</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(192,537)</u>	<u>326</u>	<u>(192,211)</u>
Other Financing Receipts/(Disbursements):			
Refunds	188,585	6,366	194,951
Reimbursements	31,763	5,454	37,217
	<u>220,348</u>	<u>11,820</u>	<u>232,168</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	27,811	12,146	39,957
Fund Cash Balances, January 1	<u>370,546</u>	<u>621,710</u>	<u>992,256</u>
Fund Cash Balances, December 31	<u><u>\$398,357</u></u>	<u><u>\$633,856</u></u>	<u><u>\$1,032,213</u></u>

The notes to the financial statements are an integral part of this statement.

**DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The District Board Health District, Franklin 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 five-member Board and a Health Commissioner. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and issues health-related licenses and permits.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State's accounting basis requires. .

C. Cash

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

D. Fund Accounting

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

1. General Fund

The General Fund accounts for all financial resources except those restricted by law or contract.

2. Special Revenue Funds

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

Public Health Nursing Services Fund - This fund receives money from charges for services to provide immunization clinics, physicals, and general health services.

Environmental Fund - This fund receives money from subdivision tax and license and permit fees to provide for public inspections, licenses and testing.

**DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

The Board of Health shall, annually, on or before the first Monday of April, adopt an appropriation measure for the following year. Budgetary expenditures may not exceed appropriations at the function 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

The Franklin County Auditor serves as the fiscal agent for the District. The District's funds are maintained as an agency fund in the County's accounting records. The Franklin County Treasurer maintains a cash pool used by all the County's funds, including those of the District. The Ohio Revised Code prescribes allowable deposits and investments. The District's carrying amounts of cash on deposit with the County at December 31, 2005, and December 31, 2004, were \$741,103 and \$1,032,213 respectively.

**DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,444,000	\$1,424,978	(\$19,022)
Special Revenue	4,152,436	4,171,763	19,327
Total	\$5,596,436	\$5,596,741	\$305

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,826,374	\$1,595,693	\$230,681
Special Revenue	4,651,891	4,292,158	359,733
Total	\$6,478,265	\$5,887,851	\$590,414

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,416,000	\$1,701,740	\$285,740
Special Revenue	3,730,100	3,572,456	(157,644)
Total	\$5,146,100	\$5,274,196	\$128,096

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,937,773	\$1,673,929	\$263,844
Special Revenue	4,192,441	3,560,310	632,131
Total	\$6,130,214	\$5,234,239	\$895,975

4. INTERGOVERNMENTAL FUNDING

The County apportions the excess of the District's appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. The financial statements presents these amounts as intergovernmental receipts.

**DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. RETIREMENT SYSTEM

The District's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 2004 through September 5, 2005, PERS members contributed 4.5% of their gross salaries. The District contributed an amount equal to 17.55% of participants' gross salaries for 2005 and 2004. Effective September 5, 2005 employees contributed 8.5% and the Board contributed 13.55%. The District has paid all contributions required through December 31, 2005.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Risk Pool Membership

The District also provides multiple health care benefit plans through Franklin County that cover the District's employees and dependants. These benefit programs included a self-insured participating provider organization (PPO) medical plan, a health maintenance organization (HMO) and a prescription drug program administered by Catalyst Rx, which furnish claims review and processing. Mt. Carmel Behavioral Health Care Inc. managed the combined self-insured mental health and chemical dependency program and a fully insured employee assistance program (EAP). The CompDent Corporation and Spectera provided for self-insured dental and vision third party administration services. The life insurance plan included a \$10,000 basic policy along with a \$10,000 policy for accidental death and dismemberment, underwritten by the U.S. Life Insurance Company. The Board of Health paid their proportionate share of the premiums and actual claims processed through these programs.

7. CONTINGENT LIABILITIES

The District is party to a lawsuit seeking damages. The ultimate disposition of such proceedings is not presently determinable. An estimate of an amount or range of potential loss cannot be made at this time.

8. FEDERAL AND STATE GRANTS

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.



**Auditor of State
Betty Montgomery**

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

District Board of Health
Franklin County
280 East Broad Street
Columbus, Ohio 43215

To the Members of the Board:

We have audited the financial statements of the District Board of Health, Franklin County, Ohio (the District) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 14, 2006, wherein we noted 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated April 14, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

District Board of Health
Franklin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and the Board. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 14, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**DISTRICT BOARD OF HEALTH
FRANKLIN 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
JULY 6, 2006**