



**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2008



Mary Taylor, CPA
Auditor of State

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis – December 31, 2008	11
Statement of Activities – Cash Basis – For the Year Ended December 31, 2008.....	12
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds – December 31, 2008.....	13
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds – For the Year Ended December 31, 2008.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2008	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Construction and Demolition Debris Fund – For the Year Ended December 31, 2008.....	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Public Health Nursing Fund – For The Year Ended December 31, 2008	17
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Environmental Health fund – For the Year Ended December 31, 2008	18
Notes to the Basic Financial Statements	19
Federal Awards Expenditures Schedule.....	29
Notes to the Federal Awards Expenditures Schedule	30
Independent Accountants' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	31
Independent Accountants' Report on Compliance With Requirements Applicable To its Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133.....	33
Schedule of Findings.....	35
Schedule of Prior Audit Findings.....	39

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the members of the Board of Health:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County Board of Health, Franklin County, Ohio (the District), as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County Board of Health, Franklin County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Construction and Demo Debris, Public Health Nursing, and Environmental Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 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 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Expenditures Schedule is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Federal Awards Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

February 5, 2009

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED**

The discussion and analysis of the Franklin County District Board of Health's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2008, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the year 2008 are as follows:

- Net assets increased \$136,713.
- Program specific receipts in the form of charges for services and fees and operating grants and contributions comprise the largest percentage of the District's receipts, making up almost 67% of all the dollars coming into the District. General receipts in the form of unrestricted grants and miscellaneous receipts make up the other 33%.
- The District had \$7,345,577 in disbursements during 2008.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Basis of Accounting (Continued)

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2008, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the District at year-end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well such as the District's property tax base, the condition of the District's capital assets, the reliance on non-local financial resources for operations, and the need for continued growth.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the District's services. The District has no business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the District are governmental.

Governmental Funds - The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's health programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General Fund, Construction and Demo Debris Fund, Public Health Nursing Fund, and Environmental Health Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for 2008 compared to 2007 on a cash basis:

**Table 1
Net Assets – Cash Basis**

	Governmental Activities		
	2008	2007	Change
Assets			
Cash with Fiscal Agent	\$ 1,132,718	\$ 996,005	\$ 136,713
Total Assets	1,132,718	996,005	136,713
Net Assets			
Restricted	937,234	842,146	95,088
Unrestricted	195,484	153,859	41,625
Total Net Assets	\$1,132,718	\$996,005	\$136,713

As mentioned previously, net assets increased \$136,713, due to increased cash receipts.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Table 2 reflects the change in net assets in 2008 and provides a comparison to prior year amounts.

**Table 2
Changes in Net Assets**

	Governmental Activities		
	2008	2007	Change
Receipts			
Program Cash Receipts			
Charges for Services	\$ 3,960,860	\$ 3,988,091	\$ (27,231)
Operating Grants and Contributions	1,086,251	982,698	103,553
Total Program Cash Receipts	5,047,111	4,970,789	76,322
General Receipts			
Grants and Entitlements not Restricted to Specific Programs	2,428,692	2,108,576	320,116
Miscellaneous	6,487	46,203	(39,716)
Total General Receipts	2,435,179	2,154,779	280,400
Total Receipts	7,482,290	7,125,568	356,722
Disbursements			
Salaries	3,027,511	2,967,578	59,933
Supplies	214,770	220,786	(6,016)
Remittances to State	576,751	637,547	(60,796)
Equipment	290,822	79,687	211,135
Contracts-Repair	262,295	213,328	48,967
Contracts - Services	1,613,574	1,496,108	117,466
Rentals	125,564	154,631	(29,067)
Travel and Meetings	35,328	45,482	(10,154)
Advertising and Printing	84,656	41,753	42,903
Public Employee's Retirement	429,654	405,499	24,155
Worker's Compensation	30,285	28,067	2,218
Unemployment Compensation	0	4,684	(4,684)
Other Fringe Benefits	654,367	609,091	45,276
Total Disbursements	7,345,577	6,904,241	441,336
Change in Net Assets	136,713	221,327	(84,614)
Net Assets Beginning of Year	996,005	774,678	221,327
Net Assets End of Year	\$ 1,132,718	\$ 996,005	\$ 136,713

In 2008, 33% percent of the District's total receipts were from general receipts, consisting mainly of revenue from other governments. Program receipts accounted for 67% percent of the District's total receipts in year 2008. These receipts consist primarily of charges for services for food service licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants. The increase in receipts and disbursements is mainly due to an increase in grant activity.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major expenditure functions of the District. The next column identifies the expenditure amounts associated with each function. The major function disbursements for governmental activities are for payroll and contracted services, which account for 41% and 22% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the District that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service, which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts, which are presented at the bottom of the Statement.

**Table 3
Governmental Activities**

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Salaries	\$ 3,027,511	\$ 1,443,955	\$ 2,967,578	\$ 1,339,593
Supplies	214,770	126,955	220,786	113,777
Remittances to State	576,751	21,296	637,547	58,465
Equipment	290,822	18,547	79,687	39,493
Contracts - Repair	262,295	111,609	213,328	91,340
Contracts - Services	1,613,574	(87,895)	1,496,108	(283,280)
Rentals	125,564	71,750	154,631	72,931
Travel and Meetings	35,328	17,469	45,482	18,567
Advertising and Printing	84,656	50,352	41,753	20,217
Public Employees' Retirement	429,654	211,704	405,499	188,834
Workers' Compensation	30,285	14,700	28,067	13,120
Unemployment Compensation	-	-	4,684	2,291
Other Fringe Benefits	654,367	298,024	609,091	258,104
Totals	7,345,577	2,298,466	6,904,241	1,933,452

The District has tried to limit its dependence upon state and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only 31% of the District costs are supported through unrestricted grants and other general receipts.

The contracted services are self-supporting through charges for services and operating grants and contributions.

The District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of the District's governmental funds is to provide information on receipts, disbursements, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

The District's Funds (Continued)

At the end of 2008, the District's governmental funds reported total ending fund balances of \$1,132,718. The entire fund balance is unreserved fund balance, which is available for spending.

While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets – Cash Basis due to their being restricted for use for a particular purpose mandated by the source of the resources such as the local, state, and federal governments.

The general fund is the chief operating fund of the District. At the end of 2008, unreserved fund balance in the general fund was \$195,484. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 9% of the total general fund expenditures.

Revenues exceeded expenditures in the general fund by \$41,625 in 2008. Fees and Charges for Services account for 32% of revenues in the general fund. Intergovernmental revenues consist of payments from the townships, villages, and cities in the District. Salaries account for the majority of expenditures in the general fund.

The Construction and Demo Debris Fund accounts for monies received and paid out for the disposal of debris from construction and demolition of buildings and other structures. The fund balance represents charges for services and state grant money that has been received for the purposes of proper disposal of debris. At the end of 2008, the fund balance was \$306,601.

The Public Health Nursing fund accounts for the services provided by the Nursing Services Division. These services include immunizations, seasonal flu program, senior wellness clinics, communicable disease program, as well as operating the Bureau for Children with Mental Handicaps (BCMh Program). During 2008, expenditures from this fund in support of these programs were \$877,853.

The Environmental Health fund accounts for the services provided by the Environmental Health Division. The general services provided by this division are: community environment health, food protection, plumbing inspections, solid waste and nail-a-dumper program, and water and wastewater programs.

In addition to these programs, the Environmental Health Division has taken on some special projects such as housing services, hotel sanitation ordinances, and managing Community and Economic Block Grant Funds for the Water Quality Partnership Program. During 2008, expenditures from this fund in support of these programs were \$3,361,401.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2008, the District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts. Appropriations for materials and services increased due to the need for additional contracted services due to increased programs.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008
UNAUDITED
(Continued)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the District's finances and to reflect the District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to John Wolf, Fiscal Officer, 280 East Broad Street, Columbus, Ohio, 43215.

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FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008

	<u>Governmental Activities</u>
Assets	
Cash with Fiscal Agent	<u>\$ 1,132,718</u>
<i>Total Assets</i>	<u>\$ 1,132,718</u>
Net Assets	
Restricted for:	
Other Purposes	\$ 937,234
Unrestricted	<u>195,484</u>
<i>Total Net Assets</i>	<u>\$ 1,132,718</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Fees	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Salaries	\$ 3,027,511	\$ 1,536,615	\$ 46,941	\$ (1,443,955)
Supplies	214,770	87,754	61	(126,955)
Remittances to State	576,751	555,455	-	(21,296)
Equipment	290,822	15,320	256,955	(18,547)
Contracts - Repair	262,295	150,686	-	(111,609)
Contracts - Services	1,613,574	940,113	761,356	87,895
Rentals	125,564	53,814	-	(71,750)
Travel and Meetings	35,328	16,412	1,447	(17,469)
Advertising and Printing	84,656	34,304	-	(50,352)
Public Employees' Retirement	429,654	217,950	-	(211,704)
Workers' Compensation	30,285	15,585	-	(14,700)
Other Fringe Benefits	654,367	336,852	19,491	(298,024)
Total Governmental Activities	\$ 7,345,577	\$ 3,960,860	\$ 1,086,251	\$ (2,298,466)
		General Receipts		
		Grants and Entitlements not Restricted to Specific Programs	\$ 2,428,692	
		Miscellaneous	6,487	
		Total General Receipts	2,435,179	
		Change in Net Assets		136,713
		Net Assets Beginning of Year		996,005
		Net Assets End of Year	\$ 1,132,718	

See accompanying notes to the basic financial statements

FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	General	Construction and Demo Debris	Public Health Nursing	Environmental Health	Other Governmental Funds	Total Governmental Funds
Assets						
Cash with Fiscal Agent	\$ 195,484	\$ 306,601	\$ 204,636	\$ 277,912	\$ 148,085	\$ 1,132,718
<i>Total Assets</i>	<u>\$ 195,484</u>	<u>\$ 306,601</u>	<u>\$ 204,636</u>	<u>\$ 277,912</u>	<u>\$ 148,085</u>	<u>\$ 1,132,718</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$ 195,484	\$ -	\$ -	\$ -	\$ -	\$ 195,484
Special Revenue Funds	-	306,601	204,636	277,912	148,085	937,234
<i>Total Fund Balances</i>	<u>\$ 195,484</u>	<u>\$ 306,601</u>	<u>\$ 204,636</u>	<u>\$ 277,912</u>	<u>\$ 148,085</u>	<u>\$ 1,132,718</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Construction and Demo Debris	Public Health Nursing	Environmental Health	Other Governmental Funds	Total Governmental Funds
Receipts						
Intergovernmental	\$ 1,515,854	\$ -	\$ 470,652	\$ 1,398,323	\$ 130,115	\$ 3,514,944
Fines, Licenses and Permits	-	-	-	1,158,439	147,074	1,305,513
Fees and Charges for Services	722,448	637,814	330,394	911,325	53,365	2,655,346
Miscellaneous	1,189	-	1,598	3,700	-	6,487
<i>Total Receipts</i>	<u>2,239,491</u>	<u>637,814</u>	<u>802,644</u>	<u>3,471,787</u>	<u>330,554</u>	<u>7,482,290</u>
Disbursements						
Salaries	878,245	89,485	569,890	1,420,974	68,917	3,027,511
Supplies	107,945	999	90,779	5,549	9,498	214,770
Remittances to State	-	411,669	-	137,791	27,291	576,751
Equipment	279,678	-	-	11,144	-	290,822
Contracts - Repair	41,722	-	2,760	217,813	-	262,295
Contracts - Services	362,473	60,080	13,908	1,009,313	167,800	1,613,574
Rentals	110,212	7,676	-	7,676	-	125,564
Travel and Meetings	18,465	867	2,671	12,057	1,268	35,328
Advertising and Printing	80,465	-	345	1,346	2,500	84,656
Public Employees' Retirement	131,636	12,523	74,077	201,774	9,644	429,654
Workers' Comensation	7,876	801	6,271	14,860	477	30,285
Other Fringe Benefits	179,149	23,015	117,152	321,104	13,947	654,367
<i>Total Disbursements</i>	<u>2,197,866</u>	<u>607,115</u>	<u>877,853</u>	<u>3,361,401</u>	<u>301,342</u>	<u>7,345,577</u>
<i>Net Change in Fund Balances</i>	41,625	30,699	(75,209)	110,386	29,212	136,713
<i>Fund Balances Beginning of Year</i>	<u>153,859</u>	<u>275,902</u>	<u>279,845</u>	<u>167,526</u>	<u>118,873</u>	<u>996,005</u>
<i>Fund Balances End of Year</i>	<u>\$ 195,484</u>	<u>\$ 306,601</u>	<u>\$ 204,636</u>	<u>\$ 277,912</u>	<u>\$ 148,085</u>	<u>\$ 1,132,718</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts	\$ 1,764,611	\$ 1,872,611	\$ 2,239,491	\$ 366,880
Disbursements				
Personal Services	921,987	909,202	878,245	30,957
Fringe Benefits	348,795	332,680	318,661	14,019
Materials and Services	723,601	857,878	721,282	136,596
Capital Outlays	20,000	22,723	279,678	(256,955)
<i>Total Disbursements</i>	<u>2,014,383</u>	<u>2,122,483</u>	<u>2,197,866</u>	<u>(75,383)</u>
<i>Net Change in Fund Balance</i>	<u>(249,772)</u>	<u>(249,872)</u>	<u>41,625</u>	<u>442,263</u>
<i>Fund Balances Beginning of Year</i>	<u>153,859</u>	<u>153,859</u>	<u>153,859</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ (95,913)</u>	<u>\$ (96,013)</u>	<u>\$ 195,484</u>	<u>\$ 442,263</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CONSTRUCTION AND DEMOLITION DEBRIS FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts	\$ 563,226	\$ 680,726	\$ 637,814	\$ (42,912)
Disbursements				
Personal Services	51,487	108,487	89,485	19,002
Fringe Benefits	28,020	37,020	36,339	681
Materials and Services	469,750	516,250	481,291	34,959
<i>Total Disbursements</i>	<u>549,257</u>	<u>661,757</u>	<u>607,115</u>	<u>54,642</u>
<i>Net Change in Fund Balance</i>	13,969	18,969	30,699	11,730
<i>Fund Balances Beginning of Year</i>	<u>275,902</u>	<u>275,902</u>	<u>275,902</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 289,871</u>	<u>\$ 294,871</u>	<u>\$ 306,601</u>	<u>\$ 11,730</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH NURSING FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts	\$ 884,300	\$ 884,300	\$ 802,644	\$ (81,656)
Disbursements				
Personal Services	636,282	636,282	569,890	66,392
Fringe Benefits	266,149	266,149	197,500	68,649
Materials and Services	161,800	161,800	110,463	51,337
<i>Total Disbursements</i>	<u>1,064,231</u>	<u>1,064,231</u>	<u>877,853</u>	<u>186,378</u>
<i>Net Change in Fund Balance</i>	(179,931)	(179,931)	(75,209)	(268,034)
<i>Fund Balances Beginning of Year</i>	<u>279,845</u>	<u>279,845</u>	<u>279,845</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 99,914</u>	<u>\$ 99,914</u>	<u>\$ 204,636</u>	<u>\$ (268,034)</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ENVIRONMENTAL HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts	\$ 3,179,620	\$ 3,439,620	\$ 3,471,787	\$ 32,167
Disbursements				
Personal Services	1,433,921	1,433,921	1,420,974	12,947
Fringe Benefits	569,191	569,191	537,738	31,453
Materials and Services	1,266,877	1,521,677	1,391,545	130,132
Capital Outlays	6,000	11,200	11,144	56
<i>Total Disbursements</i>	<u>3,275,989</u>	<u>3,535,989</u>	<u>3,361,401</u>	<u>174,588</u>
<i>Net Change in Fund Balance</i>	(96,369)	(96,369)	110,386	(142,421)
<i>Fund Balances Beginning of Year</i>	<u>167,526</u>	<u>167,526</u>	<u>167,526</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 71,157</u>	<u>\$ 71,157</u>	<u>\$ 277,912</u>	<u>\$ (142,421)</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Note 1 – Reporting Entity

A five-member Board of Health governs the District. The Board appoints a health commissioner and all employees of the District.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits, and emergency response planning.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the District's accounting policies.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through intergovernmental receipts and exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The statement of net assets presents the cash balances of the governmental activities of the District at year-end. The statement of activities compares disbursements and program receipts for each function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies *(Continued)*

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. The following are the District's major governmental funds:

The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Construction and Demo Debris special revenue fund accounts for monies received and paid out for the disposal of debris from construction and demolition sites.

The Public Health Nursing special revenue fund receives money from charges for services and grants to provide immunization clinics, physicals, and general health services.

The Environmental special revenue fund receives money from subdivision tax, grants, and license and permit fees to provide for public inspections, licenses, and testing.

The other governmental funds of the District account for grants and other resources whose use is restricted for a particular purpose.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in these financial statements.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies *(Continued)*

D. Budgetary Process

All funds, are legally required to be budgeted and appropriated. The major documents prepared are the budget, the certificate of estimated resources, and the appropriations resolution, prepared on the budgetary basis of accounting. The budget demonstrates a need for existing or increased fees and charges for services. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established by the District at the function level for all funds.

ORC Section 5705.28(C)(1) requires the District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the District by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and townships within the district if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the District must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the District may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the District.

The appropriations resolution is subject to amendment throughout the year. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year. The amount reported as the final budgeted amounts represents the final appropriations passed by the District during the year.

E. Cash and Investments

The County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County. Requests for the financial statements of Franklin County should be addressed to the Franklin County Auditor, Fiscal Services Division, 373 South High Street, 21st Floor, Columbus, Ohio, 43215. The report is also available on-line at www.franklincountyauditor.com.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The District does not have restricted assets as of December 31, 2008.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies *(Continued)*

G. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include monies that are restricted by grantors and reported in special revenue funds.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 2 - Summary of Significant Accounting Policies *(Continued)*

N. Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Encumbrances are canceled at year-end and are not reflected as a reservation of fund balance. The District has no reserves as of December 31, 2008.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 - Compliance

Compliance

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

The District did not certify funds were available for all expenditures during 2007. Management will ensure that funds are certified as available in the future.

Expenditures exceeded appropriations in the General Fund for Capital Outlay by \$256,955. Management will request amended appropriations as necessary to avoid overspending.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General , Construction and Demo Debris, Public Health Nursing and Environmental Health funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 - Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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 coverage 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.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 5 – Risk Management (Continued)

Casualty Coverage

PEP retains casualty risks up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$3,000,000.

Property Coverage

APEEP established a risk-sharing property program. Under the program, Travelers Indemnity Company reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$300,000, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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 and 2006 (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>
Net Assets	<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 million of estimated incurred claims payable. The assets and retained earnings above also 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. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$46,169. This payable includes the subsequent years' contribution due if the District terminates participation, as described in the last paragraph below.

Based on discussions 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 for each year of membership.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 5 – Risk Management *(Continued)*

Contributions to PEP	
2006	\$41,228
2007	\$41,228
2008	\$40,147

Financial Position *(Continued)*

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Employee Health Benefits

The District participates in the Franklin County Health Care Benefit Plan. The County's plan is described below.

The County provides multiple health care benefit plans that cover approximately 4,800 County employees. Approximately 1,400 employees of other political subdivisions are also in the County's insurance program. Coverage is extended to eligible dependents. Costs are allocated to the fund that pays the salary of the enrolled employee. These payments are accounted for as expenditures in the paying funds and as fees and charges for services in the Employee Benefits internal service fund of the County, from which the claims are paid. An estimate of amounts to be paid for claims incurred but not reported (IBNR) as of year-end has been developed by the County in conjunction with an actuary, based on appropriate standards of practice promulgated by the Actuarial Standards Board. At December 31, 2007 (latest information available), accounts payable balances included \$1,611,000 of reported, unpaid County claims and \$4,470,000 as an estimate for IBNR. Actual claims experience may differ from the estimate.

Note 6 - Defined Benefit Pension Plans

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 6 - Defined Benefit Pension Plans (Continued)

For the year ended December 31, 2008, which is the most recent information available, members of all three plans were required to contribute 10 percent of their annual covered salary to fund pension obligations. The District's contribution rate for pension benefits for 2007 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The District has made all required contributions through December 31, 2008.

Note 7 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers".

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 employer contribution rate was 14 percent of covered payroll; 5.0 percent from January 1 through June 20, 2007 and 6.0 percent from July 1 through December 31, 2007 was the portions used to fund health care. (The information for 2007 is the most recent available)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.0 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase .05 to 5.0 percent for the next eight years and 4.0 percent annually after eight years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$362,130. The actual contribution and the actuarial required contribution amounts are the same. OPERS' net assets available for the payment of benefits at December 31, 2007 (the latest information available), was \$12.0 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care cost. Member and employer contribution rates increased as of January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

Note 8 – Leases

The District leases vehicles under noncancelable leases. The District disbursed \$49,377 to pay lease costs for the year ended December 31, 2008. Future lease payments are as follows:

Year	Amount
2009	\$ 20,139
2010	10,848
2011	7,890
Total	<u>\$ 38,877</u>

The current vehicle leases expire periodically from 2009 through 2011, it is expected that the District will replace these vehicle leases upon expiration.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Grant Number	Federal CFDA Number	Disbursements
Program Title			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Franklin County Economic Development and Planning Department</i>			
CDBG - Water Quality Partnership	1000-559112-CB702	14.218	\$ 29,843
CDBG - Urgent Repair - 2008	1000-559112-CB701	14.218	42,350
CDBG - Handicap Accessibility - 2008	1000-559112-CB717	14.218	39,274
CDBG - Sewer Repair - 2008	1000-559112-CB716	14.218	84,973
CDBG - Urgent Repair - 2009	1000-559112-647-08	14.218	162,270
CDBG - Handicap Accessibility - 2009	1000-559112-649-08	14.218	34,310
CDBG - Sewer Repair - 2009	1000-559112-648-08	14.218	<u>11,871</u>
Total U.S. Department of Housing and Urban Development			<u>404,891</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Health</i>			
Public Health Infrastructure	25-1-001-2-BI-08	92.283	92,732
Public Health Infrastructure	25-1-001-2-BI-09	92.283	<u>41,983</u>
Total U.S. Department of Health and Human Services			<u>134,715</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Franklin County Office of Homeland Security and Justice Programs</i>			
Homeland Security Grant Program-Urban Area Security Initiative	2007-UASI-201	97.067	63,111
Homeland Security Grant Program-Urban Area Security Initiative	2007-UASI-202	97.067	<u>193,844</u>
Total U.S. Department of Homeland Security			<u>256,955</u>
Total			<u>\$ 796,561</u>

The accompanying notes are an integral part of this schedule.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.



Mary Taylor, CPA

Auditor of State

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

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

To the members of the Board of Health:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County District Board of Health, Franklin County, Ohio, (the District) as of and for the year ended December 31, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 5, 2009. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-002 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe finding number 2008-002 is also a material weakness.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 5, 2009.

We intend this report solely for the information and use of the audit committee, management, Board of Health and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 5, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the members of the Board of Health:

Compliance

We have audited the compliance of Franklin County District Board of Health, Franklin County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Franklin County District Board of Health, Franklin County, Ohio, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect 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 internal control over compliance. Accordingly, we do not express 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 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 internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, Board of Health, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 5, 2009

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grants – Entitlement Grants (CFDA # 14.218)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)

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

Finding Number	2008-001
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Prior Certification – Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in 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 that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District's fiscal officer 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 ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance 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 item appropriation.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2008-001 (Continued)
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Prior Certification – Noncompliance Citation (Continued)

Nineteen (19) percent of the transactions tested were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the funds are or will be available prior to obligation by the District. When prior certification of funds is not possible, "then and now" certification should be used.

Finding Number	2008-002
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Financial Reporting – Significant Deficiency/Material Weakness

The District entered into a consulting agreement with the Auditor of State to compile the financial statements of the District Board of Health. In order for this compilation to be successful, the District must post transactions to the accounting system accurately. Management and the Board do review detailed expenditure and receipt reports, budget vs. actual reports, and monthly financial reports. However, in order for the review to be effective, the Board should not only monitor the authorization of transactions but also the accuracy and classification of transactions.

During our audit, there were two reclassifications due to improper classification of receipts, and one audit adjustment to include federal disbursements on the financial statements and schedule of federal awards expenditures. The reclassifications were to move receipts to the proper receipt accounts. The audit adjustment was to record Urban Area Security Initiative money the District was awarded that was received and expended on their behalf by the pass-through. The reclassifications and adjustment posted by the District to the financial statements, schedule of federal awards expenditures and accounting records were for amounts ranging from \$150,000 to \$359,493.

**FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2008
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2008-002 (Continued)
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We recommend management and the Board monitor the accuracy and classification of expenditures and receipts during their review of monthly financial reports. Prior audit results should be considered when performing this review to determine that prior period changes made in account classification have also been appropriately made to current financial activity. We also recommend the District follow the guidance provided in Auditor of State Bulletin 2000-008 for proper accounting treatment for on-behalf-of grants.

Officials' Response: We did not receive any responses from Officials for the above findings.

**FRANKLIN COUNTY BOARD OF HEALTH
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
FOR THE YEAR ENDED DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Prior Certification – ORC 5705.41(D)(1)	No	Repeated as Finding 2008-001
2007-002	Cash Collection	Yes	
2007-003	Financial Reporting	No	Repeated as Finding 2008-002
2007-004	Classification of Payroll Charged to Special Revenue Funds	Yes	
2007-005	Quarterly Financial Reports	Yes	



Mary Taylor, CPA
Auditor of State

FRANKLIN COUNTY 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
APRIL 2, 2009**