



**Auditor of State  
Betty Montgomery**



**DISTRICT BOARD OF HEALTH  
FRANKLIN COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To 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, 2003, and December 31, 2002. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting 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 combined fund cash balances of the District Board of Health, Franklin County, Ohio as of December 31, 2003, and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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

May 24, 2004

**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, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$983,959	\$1,248,761	\$2,232,720
Inspection fees		244,875	244,875
Licenses & Permits		1,824,895	1,824,895
Fines		9,708	9,708
Contractual services	702,819		702,819
Other receipts		73,451	73,451
	<u>1,686,778</u>	<u>3,401,690</u>	<u>5,088,468</u>
<b>Total Cash Receipts</b>			
	<u>1,686,778</u>	<u>3,401,690</u>	<u>5,088,468</u>
<b>Cash Disbursements:</b>			
Salaries	629,244	1,697,769	2,327,013
Supplies	82,657	145,388	228,045
Remittances to State		128,106	128,106
Equipment	204,668	29,619	234,287
Contracts - Repair	25,353	2,044	27,397
Contracts - Services	206,458	538,376	744,834
Rentals	113,447		113,447
Travel	30,065	30,317	60,382
Advertising and printing	87,306	23,174	110,480
Public employee's retirement	165,970	354,460	520,430
Worker's compensation	2,464	5,741	8,205
Unemployment compensation		2,727	2,727
Other	108,642	336,562	445,204
	<u>1,656,274</u>	<u>3,294,283</u>	<u>4,950,557</u>
<b>Total Cash Disbursements</b>			
	<u>1,656,274</u>	<u>3,294,283</u>	<u>4,950,557</u>
<b>Total Receipts Over Disbursements</b>	30,504	107,407	137,911
<b>Fund Cash Balances, January 1</b>	<u>340,042</u>	<u>514,303</u>	<u>854,345</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$370,546</u></u>	<u><u>\$621,710</u></u>	<u><u>\$992,256</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, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$998,507	\$1,360,329	\$2,358,836
Inspection fees		234,771	234,771
Licenses & Permits		1,724,970	1,724,970
Fines		6,761	6,761
Charges for Services	202,839	350	203,189
Other receipts		244,522	244,522
	<u>1,201,346</u>	<u>3,571,703</u>	<u>4,773,049</u>
<b>Total Cash Receipts</b>			
	<u>1,201,346</u>	<u>3,571,703</u>	<u>4,773,049</u>
<b>Cash Disbursements:</b>			
Salaries	523,407	1,649,452	2,172,859
Supplies	72,121	172,855	244,976
Remittances to State		135,944	135,944
Equipment	38,849	37,889	76,738
Contracts - Repair	37,089	935	38,024
Contracts - Services	76,973	569,320	646,293
Rentals		2,469	2,469
Travel	96,612	18,536	115,148
Compensation and damages	3,267		3,267
Advertising and printing	18,023	4,390	22,413
Public employee's retirement	147,078	347,014	494,092
Worker's compensation		883	883
Unemployment compensation		65	65
Other	233,834	508,836	742,670
	<u>1,247,253</u>	<u>3,448,588</u>	<u>4,695,841</u>
<b>Total Cash Disbursements</b>			
	<u>1,247,253</u>	<u>3,448,588</u>	<u>4,695,841</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(45,907)</u>	<u>123,115</u>	<u>77,208</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		50,000	50,000
Transfers-Out	(50,000)		(50,000)
Reimbursements & Refunds	17,057	1,777	18,834
	<u>(32,943)</u>	<u>51,777</u>	<u>18,834</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(32,943)</u>	<u>51,777</u>	<u>18,834</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(78,850)</u>	<u>174,892</u>	<u>96,042</u>
<b>Fund Cash Balances, January 1</b>	<u>418,892</u>	<u>339,411</u>	<u>758,303</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$340,042</u></u>	<u><u>\$514,303</u></u>	<u><u>\$854,345</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, 2003 AND 2002**

**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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash**

As required by Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's 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 is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

**2. Special Revenue Funds**

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

*Public Health Nursing Services Fund* - This fund receives money from license and permit fees, fines and inspection fees 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, 2003 AND 2002  
(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 fund level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and amendments thereto. 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 2003 and 2002 budgetary activity appears in Note 2.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**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, 2003, and December 31, 2002, were \$992,256 and \$854,345, respectively.

**DISTRICT BOARD OF HEALTH  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,734,000	\$1,686,778	(\$47,222)
Special Revenue	3,854,772	3,401,690	(453,082)
Total	\$5,588,772	\$5,088,468	(\$500,304)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,733,802	\$1,656,274	\$77,528
Special Revenue	3,785,487	3,294,283	491,204
Total	\$5,519,289	\$4,950,557	\$568,732

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,508,617	\$1,218,403	(\$290,214)
Special Revenue	3,505,367	3,623,480	118,113
Total	\$5,013,984	\$4,841,883	(\$172,101)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,522,955	\$1,297,253	\$225,702
Special Revenue	3,453,878	3,448,588	5,290
Total	\$4,976,833	\$4,745,841	\$230,992

**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. These amounts are included in intergovernmental receipts in the financial statements.

**DISTRICT BOARD OF HEALTH  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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 2003 and 2002, PERS members contributed 4.5% of their gross salaries. The District contributed an amount equal to 17.55% of participants' gross salaries for 2003 and 2002. The District has paid all contributions required through December 31, 2003.

**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.

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 fully insured health maintenance organization (HMO) and a three –tier prescription drug program administered by United Health Care (UHC), which furnished claims review and processing. Mt. Carmel Behavioral Health Care Inc. managed the combined self-insured mental health and chemical dependency HMO program. The CompDent Corporation and Medical Mutual of Ohio 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**

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 COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To 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, 2003, and December 21, 2002 and have issued our report thereon dated May 24, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected in a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

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District Board of Health  
Franklin County  
Independent Accountants' Report On Compliance And On Internal  
Control Required By *Government Auditing Standards*  
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This report is intended for the information and use of the audit committee, management, and the Board and is not intended to be and should not be used by 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

May 24, 2004



**Auditor of State  
Betty Montgomery**

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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  
SEPTEMBER 14, 2004**