



**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Cuyahoga County District Board of Health
Cuyahoga County
5550 Venture Drive
Parma, Ohio 44130

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyahoga County District Board of Health, Cuyahoga County, Ohio, (the District) as of and for the year ended December 31, 2007, 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 the Cuyahoga County District Board of Health, Cuyahoga County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Tobacco Reduction, Children Family Health Services, and Comprehensive Sex Education funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As discussed in Note 3, for the year ended December 31, 2007, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure 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

October 18, 2008

Cuyahoga County District Board of Health

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

This discussion and analysis of the Cuyahoga County District Board of Health (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2007 within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$498,906 or 31.35 percent from 2006 to 2007.
- The District's general receipts are primarily grants, property taxes, and charges for services.

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.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole. 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 modified cash basis of accounting per Auditor of State Bulletin 2006-002 and GASB Statement No. 34. 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.

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.

Cuyahoga County District Board of Health

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash 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 nonfinancial factors as well, such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property tax and District and local government support.

In the statement of net assets and the statement of activities, the District reports:

All of the District's programs and basic services are reported as governmental activities including administration, environmental health, nursing, community health, epidemiology, surveillance and informatics, and capital outlay. Grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the District's Most Significant Funds

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. The funds of the District are all categorized as governmental.

Governmental Funds. All of the District's activities are reported in governmental funds. The governmental funds financial statements provide a detailed view of the District's governmental operations and the basic 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 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, tobacco reduction, children family health services and comprehensive sex education funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Cuyahoga County District Board of Health

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

The District as a Whole

Table 1 provides a comparison of the District's net assets for 2007 compared to 2006 on a cash basis:

TABLE 1
Statement of Net Assets

	Governmental Activities	
	<u>2007</u>	<u>2006</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	<u>\$2,090,357</u>	<u>\$1,591,451</u>
Net Assets		
Restricted for:		
Mold and Moisture	163,769	163,769
Breast and Cervical Cancer	70,288	135,636
Tobacco Reduction	230,035	60,095
Other Purposes	675,708	454,935
Unrestricted	<u>950,557</u>	<u>777,016</u>
	<u>\$2,090,357</u>	<u>\$1,591,451</u>

As mentioned previously, net assets of governmental activities increased \$498,906 or 31.35 percent during 2007. This increase was due primarily to the District paying off all outstanding debt in 2006.

Cuyahoga County District Board of Health

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

Table 2 reflects the changes in net assets in 2007 and 2006. A comparative analysis of government-wide data has been presented for years 2007 and 2006.

TABLE 2
Changes in Net Assets

	Governmental Activities		
	2007	2006	Difference
Receipts			
Program Receipts:			
Charges for Services and Sales	\$6,435,881	\$6,346,491	\$89,390
Operating Grants and Contributions	11,329,906	9,644,467	1,685,439
<i>Total Program Receipts</i>	<u>17,765,787</u>	<u>15,990,958</u>	<u>1,774,829</u>
General Receipts:			
Property Taxes	2,986,284	2,778,906	207,378
Grants and Entitlements	777,817	718,542	59,275
Miscellaneous	503,932	763,232	(259,300)
<i>Total General Receipts</i>	<u>4,268,033</u>	<u>4,260,680</u>	<u>7,353</u>
<i>Total Receipts</i>	<u>22,033,820</u>	<u>20,251,638</u>	<u>1,782,182</u>
Program Expenses			
Administration	1,273,201	3,942,430	(2,669,229)
Environmental Health	4,516,493	4,713,595	(197,102)
Nursing	4,567,556	4,133,701	433,855
Community Health	8,883,309	7,452,560	1,430,749
Epidemiology, Surveillance and Informatics	1,941,853	1,915,150	26,703
Capital Outlay	352,502	226,010	126,492
Total Program Expenses	<u>21,534,914</u>	<u>22,383,446</u>	<u>(848,532)</u>
Increase (Decrease) in Net Assets	498,906	(2,131,808)	2,630,714
Net Assets Beginning of Year	<u>1,591,451</u>	<u>3,723,259</u>	<u>(2,131,808)</u>
Net Assets End of Year	<u>\$2,090,357</u>	<u>\$1,591,451</u>	<u>\$498,906</u>

Program receipts of \$17,765,787 in 2007 and \$15,990,958 in 2006 are primarily comprised of grants, environmental permits, fees and licenses, and charges for immunizations, lead testing, health assessments and health education or promotion and seminars. The increase of \$1,774,829 in program receipts is primarily due to increases in grants.

General receipts represent 19.37 percent of total receipts in 2007 and 21.04 percent of 2006 receipts. Property taxes make up 13.56 and 13.72 percent of total receipts in 2007 and 2006, respectively.

The majority of disbursements come from environmental health, nursing and community health expenses. These three make up 83.43 percent of expenses in 2007 and 72.82 percent of expenses in 2006.

Cuyahoga County District Board of Health

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for District health programs. 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 Receipts (Disbursements) and Changes in Net Assets 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 taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

The District's Funds

Total governmental funds had receipts of \$22,033,820, and disbursements of \$21,534,914, for 2007 and receipts of \$20,251,638, and disbursements of 22,383,446 for 2006. From 2006 to 2007, the fund balance of the general fund increased \$935,802 as the result of less expenditures.

General Fund Budgeting Highlights

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

General fund original receipts were budgeted at \$10,412,492 and final receipts were budgeted at \$10,510,140 while actual receipts were \$10,661,759 for 2007. Original disbursements were budgeted at \$10,489,491, and final disbursements were budgeted at \$12,665,846 while actual disbursements were \$9,526,973 for 2007. Actual receipts were higher than the final budgeted receipts due to increases in intergovernmental and fines, licenses and permits revenues. Actual disbursements were lower than final budgeted disbursements due to fewer expenditures than planned in all programs, namely environmental health and nursing.

Original receipts for the tobacco reduction special revenue fund were budgeted at \$1,037,438 and final receipts were budgeted at \$1,037,438 while actual receipts were \$1,071,642 for 2007. Actual receipts were higher than the final budgeted receipts due to receiving more grant money than expected.

Original budgeted disbursements for the tobacco reduction special revenue fund were \$1,088,060, and final budgeted disbursements were \$1,091,351 while actual disbursements were \$901,702 for 2007. Actual disbursements were lower than the final budgeted disbursements due to the District's efforts to remain within the appropriations.

Original budgeted receipts for the children family health special revenue fund were \$1,547,424 and final receipts were budgeted at \$1,547,424 while actual receipts were \$1,934,280 for 2007. Actual receipts were higher than the final budgeted receipts due to receiving additional grant money.

Original budgeted disbursements for the children family health special revenue fund were \$1,547,424, and final disbursements were budgeted at \$1,230,512 while actual disbursements were \$1,498,356 for 2007. Actual disbursements were higher than the final budgeted disbursements due to the District incurring additional expenses.

Cuyahoga County District Board of Health

Management's Discussion and Analysis

For the Year Ended December 31, 2007

Unaudited

Original receipts for the comprehensive sex education special revenue fund were budgeted at \$2,998,475 and final receipts were budgeted at \$2,998,475 while actual receipts were \$2,298,856 for 2007. Actual receipts were lower than the final budgeted receipts due to receiving less grant money than expected.

Original budgeted disbursements for the comprehensive sex education special revenue fund were \$2,975,482, and final budgeted disbursements were \$2,957,343 while actual disbursements were \$2,732,919 for 2007. Actual disbursements were lower than the final budgeted disbursements due to the District's efforts to remain within the appropriations.

Debt and Capital Assets

The District currently has no outstanding debt. The District has chosen not to present capital assets as part of its financial statements. The District does, however, track their capital assets even though they are not presented.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Judy Wirsching, Chief Fiscal Officer, Cuyahoga County District Board of Health, 5550 Venture Drive, Parma, Ohio 44130.

Cuyahoga County District Board of Health
Cuyahoga County
Statement of Net Assets - Cash Basis
December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,090,357
 Net Assets	
Restricted for:	
Mold and Moisture	163,769
Breast and Cervical Cancer	70,288
Tobacco Reduction	230,035
Other Purposes	675,708
Unrestricted	950,557
<i>Total Net Assets</i>	\$2,090,357

See accompanying notes to the basic financial statements.

Cuyahoga County District Board of Health
Cuyahoga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Disbursements	Program Receipts		Net Receipts (Disbursements) and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Administration	\$1,273,201	\$76,180	\$0	(\$1,197,021)
Environmental Health	4,516,493	3,757,949	412,046	(346,498)
Nursing	4,567,556	1,689,879	674,004	(2,203,673)
Community Health	8,883,309	911,873	8,248,921	277,485
Epidemiology, Surveillance and Informatics	1,941,853	0	1,994,935	53,082
Capital Outlay	352,502	0	0	(352,502)
<i>Total Governmental Activities</i>	<u>\$21,534,914</u>	<u>\$6,435,881</u>	<u>\$11,329,906</u>	<u>(3,769,127)</u>
		General Receipts		
		Property Taxes Levied for General Health District Purposes		2,986,284
		Grants and Entitlements not Restricted to Specific Programs		777,817
		Miscellaneous		503,932
		<i>Total General Receipts</i>		<u>4,268,033</u>
		Change in Net Assets		498,906
		<i>Net Assets Beginning of Year - Restated (See Note 3)</i>		<u>1,591,451</u>
		<i>Net Assets End of Year</i>		<u><u>\$2,090,357</u></u>

See accompanying notes to the basic financial statements.

Cuyahoga County District Board of Health
Cuyahoga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Tobacco Reduction	Children Family Health Services	Comprehensive Sex Education	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$3,138,877	\$230,035	\$413,114	(\$488,421)	(\$1,203,248)	\$2,090,357
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$1,617	\$0	\$0	\$0	\$0	\$1,617
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	3,137,260	0	0	0	0	3,137,260
Special Revenue Funds	0	230,035	413,114	(488,421)	(1,203,248)	(1,048,520)
<i>Total Fund Balances</i>	<u>\$3,138,877</u>	<u>\$230,035</u>	<u>\$413,114</u>	<u>(\$488,421)</u>	<u>(\$1,203,248)</u>	<u>\$2,090,357</u>

See accompanying notes to the basic financial statements.

**Cuyahoga County District Board of Health
Cuyahoga County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

	General	Tobacco Reduction	Children Family Health Services	Comprehensive Sex Education	Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	\$2,986,284	\$0	\$0	\$0	\$0	\$2,986,284
Intergovernmental	802,792	1,070,653	1,934,280	2,298,856	5,953,718	12,060,299
Fines, Licenses and Permits	3,757,949	0	0	0	0	3,757,949
Charges for Services	2,677,932	0	0	0	0	2,677,932
Gifts and Contributions	47,424	0	0	0	0	47,424
Miscellaneous	389,378	989	0	0	113,565	503,932
<i>Total Receipts</i>	<u>10,661,759</u>	<u>1,071,642</u>	<u>1,934,280</u>	<u>2,298,856</u>	<u>6,067,283</u>	<u>22,033,820</u>
Disbursements						
Public Health						
Administration	1,273,201	0	0	0	0	1,273,201
Environmental Health	4,055,727	0	0	0	460,766	4,516,493
Nursing	3,602,030	0	0	0	965,526	4,567,556
Community Health						
Epidemiology, Surveillance and Informatics	481,037	894,073	1,497,850	2,731,418	3,278,931	8,883,309
Epidemiology, Surveillance and Informatics	7,990	0	0	0	1,933,863	1,941,853
Capital Outlay	105,371	7,629	506	1,501	237,495	352,502
<i>Total Disbursements</i>	<u>9,525,356</u>	<u>901,702</u>	<u>1,498,356</u>	<u>2,732,919</u>	<u>6,876,581</u>	<u>21,534,914</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,136,403</u>	<u>169,940</u>	<u>435,924</u>	<u>(434,063)</u>	<u>(809,298)</u>	<u>498,906</u>
Other Financing Sources (Uses)						
Transfers In	0	0	0	0	200,601	200,601
Transfers Out	(200,601)	0	0	0	0	(200,601)
<i>Total Other Financing Sources (Uses)</i>	<u>(200,601)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>200,601</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	935,802	169,940	435,924	(434,063)	(608,697)	498,906
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>2,203,075</u>	<u>60,095</u>	<u>(22,810)</u>	<u>(54,358)</u>	<u>(594,551)</u>	<u>1,591,451</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$3,138,877</u></u>	<u><u>\$230,035</u></u>	<u><u>\$413,114</u></u>	<u><u>(\$488,421)</u></u>	<u><u>(\$1,203,248)</u></u>	<u><u>\$2,090,357</u></u>

See accompanying notes to the basic financial statements.

Cuyahoga County District Board of Health
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$3,025,286	\$2,986,286	\$2,986,284	(\$2)
Intergovernmental	201,235	242,155	802,792	560,637
Fines, Licenses and Permits	2,977,615	3,137,615	3,757,949	620,334
Charges for Services	3,351,754	3,351,754	2,677,932	(673,822)
Gifts and Contributions	0	0	47,424	47,424
Miscellaneous	856,602	792,330	389,378	(402,952)
<i>Total Receipts</i>	<u>10,412,492</u>	<u>10,510,140</u>	<u>10,661,759</u>	<u>151,619</u>
Disbursements				
Current:				
Administration	1,425,900	1,875,771	1,274,818	600,953
Environmental Health	4,364,694	5,226,312	4,055,727	1,170,585
Nursing	3,819,100	4,307,842	3,602,030	705,812
Community Health	692,539	773,725	481,037	292,688
Epidemiology, Surveillance and Informatics	7,883	8,921	7,990	931
Capital Outlay	179,375	473,275	105,371	367,904
<i>Total Disbursements</i>	<u>10,489,491</u>	<u>12,665,846</u>	<u>9,526,973</u>	<u>3,138,873</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(76,999)	(2,155,706)	1,134,786	(2,987,254)
Other Financing Uses				
Transfers Out	<u>0</u>	<u>0</u>	<u>(200,601)</u>	<u>(200,601)</u>
<i>Net Change in Fund Balances</i>	(76,999)	(2,155,706)	934,185	(3,187,855)
Prior Year Encumbrances Appropriated	1,617	1,617	1,617	0
<i>Fund Balances Beginning of Year</i>	<u>2,201,458</u>	<u>2,201,458</u>	<u>2,201,458</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$2,126,076</u>	<u>\$47,369</u>	<u>\$3,137,260</u>	<u>(\$3,187,855)</u>

See accompanying notes to the basic financial statements.

Cuyahoga County District Board of Health
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Tobacco Reduction
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$1,037,438	\$1,037,438	\$1,070,653	\$33,215
Miscellaneous	0	0	989	989
<i>Total Receipts</i>	<u>1,037,438</u>	<u>1,037,438</u>	<u>1,071,642</u>	<u>34,204</u>
Disbursements				
Current:				
Community Health	1,083,716	1,076,949	894,073	182,876
Capital Outlay	4,344	14,402	7,629	6,773
<i>Total Disbursements</i>	<u>1,088,060</u>	<u>1,091,351</u>	<u>901,702</u>	<u>189,649</u>
<i>Net Change in Fund Balances</i>	(50,622)	(53,913)	169,940	(155,445)
<i>Fund Balances Beginning of Year</i>	<u>60,095</u>	<u>60,095</u>	<u>60,095</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$9,473</u></u>	<u><u>\$6,182</u></u>	<u><u>\$230,035</u></u>	<u><u>(\$155,445)</u></u>

See accompanying notes to the basic financial statements.

Cuyahoga County District Board of Health
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Children Family Health Services
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$1,547,424	\$1,547,424	\$1,934,280	\$386,856
Disbursements				
Current:				
Community Health	1,544,424	1,227,512	1,497,850	(270,338)
Capital Outlay	3,000	3,000	506	2,494
<i>Total Disbursements</i>	1,547,424	1,230,512	1,498,356	(267,844)
<i>Net Change in Fund Balances</i>	0	316,912	435,924	654,700
<i>Fund Balances (Deficit) Beginning of Year</i>	(22,810)	(22,810)	(22,810)	0
<i>Fund Balances (Deficit) End of Year</i>	(\$22,810)	\$294,102	\$413,114	\$654,700

See accompanying notes to the basic financial statements.

Cuyahoga County District Board of Health
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Comprehensive Sex Education
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$2,998,475	\$2,998,475	\$2,298,856	(\$699,619)
Disbursements				
Current:				
Community Health	2,975,318	2,957,179	2,731,418	225,761
Capital Outlay	164	164	1,501	(1,337)
<i>Total Disbursements</i>	<u>2,975,482</u>	<u>2,957,343</u>	<u>2,732,919</u>	<u>224,424</u>
<i>Net Change in Fund Balances</i>	22,993	41,132	(434,063)	(924,043)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(54,358)</u>	<u>(54,358)</u>	<u>(54,358)</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$31,365)</u></u>	<u><u>(\$13,226)</u></u>	<u><u>(\$488,421)</u></u>	<u><u>(\$924,043)</u></u>

See accompanying notes to the basic financial statements.

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 1 – Description of the District and Reporting Entity

The Cuyahoga County District Board of Health, Cuyahoga 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 (general health) administers and enforces, within its jurisdiction, all public health and sanitation laws of the State of Ohio. The District provides public health services for the prevention or restriction of disease. In addition to the required programs, the District adopts regulations and provides programs to enable residents of the District to live in a healthy and environmentally safe community. The District is comprised of 35 cities, 19 villages and two townships within Cuyahoga County representing 815,000 residents. The five-member Board of Trustees is appointed by the District Advisory Council which consists of the President of the Board of County Commissioners, the chief executive of each municipal corporation not constituting a city health district and the chairman of the board of trustees of each township. The Board appoints a Health Commissioner and can hire and fix compensation of employees. The District is dependent upon the County to provide facilities and legal counsel and act as custodian for its funds. The budget is approved by the District which is responsible for fiscal management through its authority to enter into contracts and prepare financial reports. The District is not part of the reporting entity of the County of Cuyahoga.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the Board of Trustees appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations for which the District approves the budget, the issuance of debt or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. The District has no component units.

The District participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. This organization is presented in Note 8 to the basic financial statements.

The District's management believes these 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 and the fund financial statements for the proprietary funds, 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.

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

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. The statements distinguish between those activities of the District that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange 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 with program receipts for each 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 program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds 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 fund accounting 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. The funds of the District are divided into one category, governmental.

Governmental Funds

Governmental funds are financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions. Monies are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the District's major governmental funds:

General Fund - 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.

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Tobacco Reduction Fund – This fund receives federal grant money for the prevention and reduction of tobacco use.

Children Family Health Services Fund – This fund receives federal grant money to eliminate health disparities, improve birth outcomes, and improve the health situation of families with children.

Comprehensive Sex Education Fund – This fund receives federal grant money to provide education and awareness related to sexually transmitted diseases, teen pregnancy health issues and teen pregnancy prevention.

The other governmental funds of the District account for the proceeds of federal grants whose uses are restricted to expenditures for specific health related purposes.

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the District are described in the appropriate section in this note.

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 the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates.

The appropriations resolution is the District Board's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control set by statute. The legal level of control has been established at the object level for all funds. The County Budget Commission must also approve the annual appropriation measure. Grant funds are appropriated one time and the appropriations carryover from year to year until the grant is closed. For the general fund, unencumbered appropriations lapse at year-end.

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.

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

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 Board 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 submitted to the County Budget Commission when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the changes to the grant awards in effect at the time final appropriations were passed by the District Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the District Board during the year.

E. Cash and Investments

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. Individual fund integrity is maintained through the District's records. Deposits and investments disclosures for the County as a whole may be obtained from the County.

F. Inventory and Prepaid Items

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

G. 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.

H. 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.

I. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

J. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for bonds or other 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.

K. 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. The government-wide statement of net assets reports \$1,139,800 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for special District programs.

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

L. 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.

M. 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 disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting

For the year ended December 31, 2006, the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For the year ended December 31, 2007, the District revised its financial presentation comparable to the requirements of GASB Statement No. 34, "Basis Financial Statements – and Management's Discussion and Analysis for State and Local Governments". The financial statements now include entity-wide financial statements, which present information for the District as a whole, and fund financial statements, which present information for individual major funds rather than by fund type.

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

The District also implemented GASB Statement No. 37, which clarifies certain provisions of Statement No. 34, including the required content of the Management’s Discussion and Analysis, the classification of program revenues and the criteria for determining major funds; GASB Statement No. 38, which modifies, establishes and rescinds certain financial statement note disclosures; and GASB Statement No. 40, “Deposits and Investment Risk Disclosure”. GASB Statement No. 40 creates new disclosure requirements for deposits and investments related to credit risk, concentration of credit risk, interest rate risk and foreign currency risk. The implementation of this statement had no effect on the District’s financial statements for 2007.

For 2007, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The implementation of this statement did not result in any change to the District’s financial statements.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the District’s financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the District’s financial statements.

The transition from the regulatory basis of accounting to the cash basis of accounting generated the following changes to the general fund balance as previously reported at December 31, 2006.

	<u>General</u>	<u>Other Governmental</u>	<u>Governmental Activities</u>
Fund Balance December 31, 2006	\$2,183,776	(\$611,624)	\$1,572,152
Hospitalization Agency Fund	17,220	0	17,220
Immunization Agency Fund	2,079	0	2,079
Restated Fund Balance			
December 31, 2006	<u>\$2,203,075</u>	<u>(\$611,624)</u>	<u>\$1,591,451</u>

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

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 fund and the street construction, maintenance and repair special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The only difference between the budgetary basis fund balance and the cash basis fund balance is current encumbrances of \$1,617 in the general fund.

Note 5 – Accountability and Compliance

A. Deficit Fund Balances

Fund balances at December 31, 2007, included the following individual fund deficits:

Major Fund:

Comprehensive Sex Education	\$488,421
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NonMajor Funds:

Options Regional Referral Grant	1,267
Cardiovascular Health	11,295
Shaken Baby Syndrome	88,313
Public Health Infrastructure	235,170
West Nile Virus	55,400
Non-Point Source Implementation	11,660
S.T.E.P.S.	16,851
City Readiness Initiative	40,849
Engaging Expectant Fathers	736
Starting Point	29,864
Prevent Premature Fatherhood	30,922
Case Healthy Homes and Babies	9,408
Watershed Program	44,136
Lead Prevention Program	1,124,028

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

B. Compliance

Contrary to Section 5705.41(B), Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
General			
Transfers Out	\$0	\$200,601	(\$200,601)
Children Family Health Services			
Community Health	1,227,512	1,497,850	(270,338)
Comprehensive Sex Education			
Capital Outlay	164	1,501	(1,337)

The following funds had total original appropriations in excess of estimated resources plus carryover balances, contrary to Section 3709.28, Revised Code.

<u>Fund</u>	<u>Estimated Revenues Plus Carryover Balance</u>	<u>Appropriations</u>	<u>Excess</u>
Children Family Health Services	\$1,524,614	\$1,547,424	(\$22,810)
Comprehensive Sex Education	2,944,117	2,975,482	(31,365)

The comprehensive sex education special revenue fund had total final appropriations of \$2,957,343 and estimated resources plus carryover balance of \$2,944,117. The final appropriations are in excess of estimated resources plus carryover balance by \$13,226, contrary to Section 3709.28, Revised Code.

Although these budgetary violations were not corrected by fiscal year end, management has indicated that appropriations and cash balances will be closely monitored to eliminate future violations.

Note 6 – Deposits and Investments

As required by Ohio Revised Code, the Cuyahoga County Auditor is the fiscal agent of the District. The District's cash pool, used by all funds, is deposited with the Cuyahoga County Treasurer. The cash pool is commingled with Cuyahoga County's cash and investment pool and is not identifiable as to demand deposits or investments. All collections are remitted to the Cuyahoga County Treasurer for deposit and all disbursements are made by warrants prepared by the Cuyahoga County Auditor drawn on deposits held in the name of Cuyahoga County. Deposits and deposit risk and investments and investment risk are presented in the December 31, 2007 Cuyahoga County Comprehensive Annual Financial Report. The fund balances are expressed in cash equivalents. Cash equivalents are available for immediate expenditure or liquid investments which are immediately marketable, have negligible credit risk, and mature within three months. The carrying amount of cash on deposit with the Cuyahoga County

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Treasurer at December 31, 2007 was \$2,088,244. The District also had a fully collateralized immunization checking account with a year-end balance of \$1,363 and petty cash of \$750.

Note 7 – Subdivision Revenue

The cities, villages and townships that receive services from the District, contribute to the operations of the District. The County Auditor assesses each subdivision their share of the operating cost, which is calculated by the District and received through property tax collections. When the County Auditor disburses property tax to the subdivision, the appropriate deduction is made on the subdivision settlement and transmitted to the District.

Note 8 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. The Pool 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.

Casualty Coverage

PEP retains casualty risks up to \$350,000 per occurrence, including loss adjustment expenses. 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. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

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

PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures specific losses exceeding \$300,000 up to \$600 million per occurrence. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate 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 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 years.

Cuyahoga County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Financial Position

PEP's financial statements reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

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

At December 31, 2007 and 2006, respectively, the liabilities noted 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 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 \$45,016. This payable includes the subsequent year's contribution due if the District terminates participation.

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.

Year	Contributions to PEP
2004	\$40,908
2005	45,184
2006	43,104
2007	41,266

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they give 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 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 withdrawal.

The District insures against injuries to employees through the Ohio Bureau of Workers' Compensation. Workers' compensation coverage is provided by the State. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 9 – Defined Benefit Pension Plans

Plan Description - The Cuyahoga County District Board of Health 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension 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, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The District's contribution rate was 13.85 percent of covered payroll. For the period January 1 through June 30, a portion of the District's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the District of 14 percent.

The District has made all required contributions through December 31, 2007.

Note 10 - Postemployment Benefits

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Note 11 - Interfund Transfers

Interfund transfers for the year ended December 31, 2007, consisted of the following:

<u>Transfers To</u>	<u>General</u>
Non-Point Source Implementation	\$34,524
Aging Grant	13,623
Matter of Balance	11,200
Watershed Program	83,966
Lead Prevention Program	<u>57,288</u>
Total	<u><u>\$200,601</u></u>

The transfers from the General fund to the non-major special revenue funds for \$200,601 were made to support programs and projects in those funds.

Cuyahoga County District Board of Health

Notes to the Basic Financial Statements

For the Year Ended December 31, 2007

Note 12 – Operating Lease

The District entered into an operating lease with ImagePro, Limited in February 2007, for the purpose of leasing a business color digital copier/printer/fax machine. This is a cancelable lease that is paid quarterly. The District pays \$1,238 per quarter. For 2007, the District paid rental costs of \$4,539.

Cuyahoga County District Board of Health
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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CUYAHOGA COUNTY BOARD OF HEALTH
CUYAHOGA COUNTY
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY NUMBER</u>	<u>EXPENDITURES</u>
U.S. Department of Health and Human Services			
<i>Passed Through the State Department of Health:</i>			
06/07 Breast & Cervical Cancer Project	93.283	18-1-01-2-AE-07	\$154,743
07/08 Breast & Cervical Cancer Project	93.283	01810012BC0108	135,490
05/06 Public Health Infrastructure	93.283	18-1-001-2-BI-06	1
06/07 Public Health Infrastructure	93.283	18-1-001-2-BI-07	1,289,801
			<u>1,580,035</u>
07/08 Public Health Infrastructure	93.069	01810012PI0108	226,502
			<u>226,502</u>
2006 Sexually Transmitted Disease Control Program	93.977	18-1-001-2-BX-07	7,548
			<u>7,548</u>
2006 Immunization Action Plan	93.268	18-1-001-2-AZ-06	79,140
2007 Immunization Action Plan	93.268	18-1-001-2-AZ-07	311,936
			<u>391,076</u>
06/07 OPTIONS Regional Referral	93.994	18-1-001-1-BL-07	10,582
07/08 OPTIONS Regional Referral	93.994	01810011DO0108	16,911
06/07 Child Family Health Services Program	93.994	18-1-001-1-MC-07	767,588
07/08 Child Family Health Services Program	93.994	01810011MC0108	234,526
			<u>1,029,607</u>
2006 Cardiovascular Health	93.991	18-1-001-2-ED-06	21,316
2007 Cardiovascular Health	93.991	18-1-001-2-ED-07	147,219
2007 Injury Prevention	93.991	18-1-001-2-EE-07	32,156
			<u>200,691</u>
06/07 CDC Lead Program	93.197	18-1-001-1-BD-07	28,869
07/08 CDC Lead Program	93.197	01810011LD0108	33,130
			<u>61,999</u>
<i>Passed Through the National Association of County and City Health Officials</i>			
2007 NACCHO Medical Reserve Corps	93.008	N/A	10,000
			<u>10,000</u>
Total U.S. Department of Health and Human Services			3,507,458
U.S. Department of Housing and Urban Development			
<i>Direct</i>			
04/07 Lead-Based Paint Hazard In Housing	14.900	N/A	1,503,255
07/10 Lead-Based Paint Hazard In Housing	14.900	N/A	758
			<u>1,504,013</u>
04/06 Healthy Homes Demonstration	14.901	N/A	117,869
06/09 Healthy Homes Demonstration	14.901	N/A	179,628
			<u>297,497</u>
2007/2010 Lead Hazard Reduction	14.905	N/A	14
			<u>14</u>
Total U.S. Department of Housing and Urban Development			1,801,524

CUYAHOGA COUNTY BOARD OF HEALTH
 CUYAHOGA COUNTY
FEDERAL AWARDS EXPENDITURES SCHEDULE CON'T
 FOR THE YEAR ENDED DECEMBER 31, 2007

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY NUMBER</u>	<u>EXPENDITURES</u>
U.S. Environmental Protection Agency			
<i>Passed Through the State Environmental Protection Agency</i>			
04/06 Nonpoint Source Implementation	66.460	C997550003	175,010
06/09 Nonpoint Source Implementation	66.460	C9975500006	22,194
			<u>197,204</u>
07/08 Tinkers Creek Wetland Survey	66.461	CD-00E20501-0	16,124
			<u>16,124</u>
<i>Passed Through the State Department of Health</i>			
2007 Bathing Beaches	66.472	N/A	47,833
			<u>47,833</u>
Total U.S. Environmental Protection Agency			261,161
National Oceanic and Atmospheric Administration			
<i>Passed Through the State Department of Natural Resources</i>			
06/07 Mill Creek Watershed Action Plan	11.419	M363306-8	37,318
			<u>37,318</u>
2007/2010 ODNR Tinkers Creek	66.460	N/A	23,501
			<u>23,501</u>
Total National Oceanic and Atmospheric Administration			60,819
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$5,630,962</u>

The accompanying notes are an integral part of this schedule.

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

CFDA – Catalog of Federal Domestic Assistance.

N/A – Not applicable.

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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*

Cuyahoga County District Board of Health
Cuyahoga County
5550 Venture Drive
Parma, Ohio 44130

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyahoga County District Board of Health, Cuyahoga County, Ohio, (the District) as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 18, 2008, wherein we noted the District revised its financial statement presentation comparable to the requirements of Government Accounting Standards Board Statement No. 34. 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated October 18, 2008.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 through 2007-003.

We also noted certain noncompliance or other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated October 18, 2008.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, Board of Trustees, 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

October 18, 2008



Mary Taylor, CPA

Auditor of State

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

Cuyahoga County District Board of Health
Cuyahoga County
5550 Venture Drive
Parma, Ohio 44130

To the Board of Trustees:

Compliance

We have audited the compliance of Cuyahoga County District Board of Health (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 each major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. 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 Cuyahoga County District Board of Health complied, in all material respects, with the requirements referred to above that apply to each major federal program for the year ended December 31, 2007.

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 Trustees, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 18, 2008

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007**

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)?	No
(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):	Public Health Infrastructure/Breast & Cervical Cancer Project – CFDA #93.283 & #93.069 Lead-Based Paint Hazard in Housing – CFDA #14.900
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007

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

FINDING NUMBER 2007-001 – NONCOMPLIANCE FINDING

Certification of Availability of Funds

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 is 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 the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts 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 extended beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)**

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

FINDING NUMBER 2007-001 – NONCOMPLIANCE FINDING (Continued)

Certification of Availability of Funds (Continued)

Forty-two of sixty transactions tested (70%) 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 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 that the Treasurer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code to reduce the available appropriation.

Official's Response: The District acknowledges the finding and recommendation from the Auditor of State's Office. The District's current purchase order policy includes expenditures greater than or equal to \$300. The District will revise the purchase order policies, procedures and practices to satisfy all the requirements of 5705.41 (D).

FINDING NUMBER 2007-002 – NONCOMPLIANCE FINDING

Appropriations, Estimated Resources to the County Budget Commission

Ohio Rev. Code Section 3709.28 establishes budgetary requirements for General Health Districts, which are similar to certain Ohio Revised Code 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 Board of Health may, by resolution, transfer funds 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 District did not submit to the County Budget Commission its itemized appropriation measure or an itemized estimate of revenues. The District's internally prepared records depict the following budgetary weaknesses at December 31, 2007 in which appropriations exceeded estimated resources:

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)**

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

FINDING NUMBER 2007-002 – NONCOMPLIANCE FINDING (Continued)

Appropriations, Estimated Resources to the County Budget Commission (Continued)

<u>Fund</u>	<u>Original Certified Resources</u>	<u>Original Appropriations</u>	<u>Excess</u>
Children Family Health Services	\$1,524,614	\$1,547,424	(\$22,810)
Comprehensive Sex Education	2,944,117	2,975,482	(31,365)
<u>Fund</u>	<u>Final Certified Resources</u>	<u>Final Appropriations</u>	<u>Excess</u>
Comprehensive Sex Education	\$2,944,117	\$2,957,343	(\$13,226)

Each fund had sufficient revenues so as to allow the Chief Fiscal Officer to obtain an amended certificate to cover appropriations. Failure to limit appropriations to amounts certified could allow expenditures to exceed available resources and create deficit spending practices, resulting in deficit fund balances.

We recommend the District submit to the County Budget Commission adopted itemized appropriations and an itemized estimate of revenues. Thereafter, we recommend the District monitor appropriations as compared to estimated resources and submit amendments to the County Budget Commission or reduce appropriations if sufficient revenues are not available.

Official's Response: The District did prepare an itemized estimate of revenues and appropriations and submitted the documents to the County Auditor. In accordance with Ohio Revised Code Section 3709.28, the County Auditor shall submit the certified documents to the Budget Commission. In December 2005, the District was advised by the County Budget Commission that they will no longer furnish the District with a Certificate of Estimated Resources under the premise that the District is not part of any property tax collections and therefore this process is not applicable to the District. Upon consultation with the County Prosecutor's Office and the County Budget Commission, the District acknowledges the finding and recommendation from the Auditor of State's Office and will submit the proper documents to satisfy all the requirements of Ohio Revised Code Section 3709.28.

FINDING NUMBER 2007-003 – NONCOMPLIANCE FINDING

Expenditures Plus Encumbrances vs. Appropriations

Ohio Rev. Code Section 5705.41 (B) prohibits a political subdivision from making expenditures unless they have been properly appropriated. Budgetary expenditures (that is, disbursements and encumbrances) as enacted by the District may not exceed appropriations at the legal level of control for all funds. The District's legal level of control is established at the object level for all funds.

The following funds had final expenditures plus encumbrances in excess of appropriations at the legal level of budgetary control:

**CUYAHOGA COUNTY DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007
(Continued)**

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

FINDING NUMBER 2007-003 – NONCOMPLIANCE FINDING (Continued)

Expenditures Plus Encumbrances vs. Appropriations (Continued)

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
General Fund			
Transfers Out	\$0	\$200,601	(\$200,601)
Children Family Health Services			
Community Health	1,227,512	1,497,850	(270,338)
Comprehensive Sex Education			
Capital Outlay	164	1,501	(1,337)

The Chief Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Chief Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Official's Response:

The District acknowledges the finding and recommendation from the Auditor of State's Office and will work to monitor appropriation adjustments to ensure compliance with the requirements of 5705.41 (B).

3. FINDINGS FOR FEDERAL AWARDS

None.

**CUYAHOGA DISTRICT BOARD OF HEALTH
CUYAHOGA COUNTY
DECEMBER 31, 2007**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-001	Certification of Availability of Funds – Ohio Rev. Code Section 5705.41(D)(1). Expenditures were not certified by the fiscal officer at the time the commitment was incurred.	No	Reissued as Schedule of Findings item 2007-001.
2006-002	Appropriations, Estimated Resources to the County Budget Commission – Ohio Rev. Code Section 3709.28. The District did not submit to the County Budget Commission its itemized appropriation measure or an itemized estimate of revenues.	No	Reissued as Schedule of Findings item 2007-002.



Mary Taylor, CPA
Auditor of State

DISTRICT BOARD OF HEALTH

CUYAHOGA 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
DECEMBER 24, 2008**