



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

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2009



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the members of the Board of Health:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County Board of Health, Franklin County, Ohio (the District), as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County Board of Health, Franklin County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Construction and Demo Debris, Public Health Nursing, and Environmental Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2010, 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.

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

Mary Taylor, CPA
Auditor of State

February 26, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The discussion and analysis of the Franklin County District Board of Health's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2009, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the year 2009 are as follows:

- Net assets increased \$208,107.
- Program specific receipts in the form of charges for services and fees and operating grants and contributions comprise the largest percentage of the District's receipts, making up almost 65% of all the dollars coming into the District. General receipts in the form of unrestricted grants and miscellaneous receipts make up the other 35%.
- The District had \$7,686,310 in disbursements during 2009.

Using the Basic Financial Statements

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

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

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

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

Basis of Accounting

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Basis of Accounting (Continued)

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

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2009, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the District at year-end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

The District as a Whole

Table 1 provides a summary of the District's net assets for 2009 compared to 2008 on a cash basis:

**Table 1
Net Assets – Cash Basis**

	<u>Governmental Activities</u>		
	<u>2009</u>	<u>2008</u>	<u>Change</u>
Assets			
Cash with Fiscal Agent	\$ 1,340,825	\$ 1,132,718	\$ 208,107
 Total Assets	 <u>1,340,825</u>	 <u>1,132,718</u>	 <u>208,107</u>
Net Assets			
Restricted	812,574	937,234	(124,660)
Unrestricted	<u>528,251</u>	<u>195,484</u>	<u>332,767</u>
 Total Net Assets	 <u><u>\$1,340,825</u></u>	 <u><u>\$1,132,718</u></u>	 <u><u>\$208,107</u></u>

As mentioned previously, net assets increased \$208,107, due to increased cash receipts.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Table 2 reflects the change in net assets in 2009 and provides a comparison to prior year amounts.

**Table 2
Changes in Net Assets**

	Governmental Activities		
	2009	2008	Change
Receipts			
Program Cash Receipts			
Charges for Services	\$ 4,253,708	\$ 3,960,860	\$ 292,848
Operating Grants and Contributions	862,996	1,086,251	(223,255)
Total Program Cash Receipts	5,116,704	5,047,111	69,593
General Receipts			
Grants and Entitlements not Restricted to Specific Programs	2,725,701	2,428,692	297,009
Miscellaneous	52,013	6,487	45,526
Total General Receipts	2,777,714	2,435,179	342,535
Total Receipts	7,894,418	7,482,290	412,128
Disbursements			
Salaries	3,263,611	3,027,511	236,100
Supplies	184,960	214,770	(29,810)
Remittances to State	568,055	576,751	(8,696)
Equipment	47,818	290,822	(243,004)
Contracts-Repair	38,193	262,295	(224,102)
Contracts - Services	2,136,224	1,613,574	522,650
Rentals	130,772	125,564	5,208
Travel and Meetings	46,846	35,328	11,518
Advertising and Printing	61,886	84,656	(22,770)
Public Employee's Retirement	477,207	429,654	47,553
Worker's Compensation	25,215	30,285	(5,070)
Other Fringe Benefits	705,523	654,367	51,156
Total Disbursements	7,686,310	7,345,577	340,733
Change in Net Assets	208,108	136,713	71,395
Net Assets Beginning of Year	1,132,718	996,005	136,713
Net Assets End of Year	\$ 1,340,826	\$ 1,132,718	\$ 208,108

In 2009, 35% percent of the District's total receipts were from general receipts, consisting mainly of revenue from other governments. Program receipts accounted for 65% percent of the District's total receipts in year 2009. These receipts consist primarily of charges for services for food service licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants. The increase in receipts and disbursements is mainly due to an increase in vaccinations for 2009.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major expenditure functions of the District. The next column identifies the expenditure amounts associated with each function. The major function disbursements for governmental activities are for payroll and contracted services, which account for 42% and 28% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the District that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service, which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts, which are presented at the bottom of the Statement.

**Table 3
Governmental Activities**

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Salaries	\$ 3,263,611	\$ 1,536,574	\$ 3,027,511	\$ 1,443,955
Supplies	184,960	98,359	214,770	126,955
Remittances to State	568,055	50,187	576,751	21,296
Equipment	47,818	27,267	290,822	18,547
Contracts - Repair	38,193	21,210	262,295	111,609
Contracts - Services	2,136,224	150,048	1,613,574	(87,895)
Rentals	130,772	68,464	125,564	71,750
Travel and Meetings	46,846	17,304	35,328	17,469
Advertising and Printing	61,886	35,136	84,656	50,352
Public Employees' Retirement	477,207	232,862	429,654	211,704
Workers' Compensation	25,215	12,187	30,285	14,700
Other Fringe Benefits	705,523	320,008	654,367	298,024
Totals	7,686,310	2,569,606	7,345,577	2,298,466

The District has tried to limit its dependence upon state and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only 35% of the District costs are supported through unrestricted grants and other general receipts.

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

The District's Funds

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

The District's Funds (Continued)

At the end of 2009, the District's governmental funds reported total ending fund balances of \$1,340,826. The entire fund balance is unreserved fund balance, which is available for spending.

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

The general fund is the chief operating fund of the District. At the end of 2009, unreserved fund balance in the general fund was \$528,251. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 25% of the total general fund expenditures.

Revenues exceeded expenditures in the general fund by \$332,767 in 2009. Fees and Charges for Services account for 37% of revenues in the general fund. Intergovernmental revenues consist of payments from the townships, villages, and cities in the District. Salaries account for the majority of expenditures in the general fund.

The Construction and Demo Debris Fund accounts for monies received and paid out for the disposal of debris from construction and demolition of buildings and other structures. The fund balance represents charges for services and state grant money that has been received for the purposes of proper disposal of debris. At the end of 2009, the fund balance was \$304,913.

The Public Health Nursing fund accounts for the services provided by the Nursing Services Division. These services include immunizations, seasonal flu program, senior wellness clinics, communicable disease program, as well as operating the Bureau for Children with Mental Handicaps (BCMh Program). During 2009, expenditures from this fund in support of these programs were \$1,007,241.

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

In addition to these programs, the Environmental Health Division has taken on some special projects such as housing services, hotel sanitation ordinances, and managing Community and Economic Block Grant Funds for the Water Quality Partnership Program. During 2009, expenditures from this fund in support of these programs were \$3,668,080.

General Fund Budgeting Highlights

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

During the course of 2009, the District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts. Appropriations for materials and services increased due to the need for additional contracted services due to increased programs.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Contacting the District's Financial Management

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

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

***STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009***

	<u>Governmental Activities</u>
Assets	
Cash with Fiscal Agent	<u>\$ 1,340,825</u>
<i>Total Assets</i>	<u><u>\$ 1,340,825</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 812,574
Unrestricted	<u>528,251</u>
<i>Total Net Assets</i>	<u><u>\$ 1,340,825</u></u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Fees	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Salaries	\$ 3,263,611	\$ 1,679,855	\$ 47,182	\$ (1,536,574)
Supplies	184,960	86,540	61	(98,359)
Remittances to State	568,055	517,868	-	(50,187)
Equipment	47,818	20,551	-	(27,267)
Contracts - Repair	38,193	16,983	-	(21,210)
Contracts - Services	2,136,224	1,191,469	794,707	(150,048)
Rentals	130,772	62,308	-	(68,464)
Travel and Meetings	46,846	28,087	1,455	(17,304)
Advertising and Printing	61,886	26,750	-	(35,136)
Public Employees' Retirement	477,207	244,345	-	(232,862)
Workers' Compensation	25,215	13,028	-	(12,187)
Other Fringe Benefits	705,523	365,924	19,591	(320,008)
Total Governmental Activities	\$ 7,686,310	\$ 4,253,708	\$ 862,996	\$ (2,569,606)
General Receipts				
Grants and Entitlements not Restricted to Specific Prc			\$	2,725,701
Miscellaneous				52,012
Total General Receipts				2,777,713
Change in Net Assets				208,107
Net Assets Beginning of Year				1,132,718
Net Assets End of Year			\$	1,340,825

See accompanying notes to the basic financial statements

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

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	General	Construction and Demo Debris	Public Health Nursing	Environmental Health	Other Governmental Funds	Total Governmental Funds
Assets						
Cash with Fiscal Agent	\$ 528,251	\$ 304,913	\$ 69,038	\$ 247,962	\$ 190,661	\$ 1,340,825
<i>Total Assets</i>	<u>\$ 528,251</u>	<u>\$ 304,913</u>	<u>\$ 69,038</u>	<u>\$ 247,962</u>	<u>\$ 190,661</u>	<u>\$ 1,340,825</u>
Fund Balances						
Unreserved:						
Undesignated, Reported in:						
General Fund	\$ 528,251	\$ -	\$ -	\$ -	\$ -	\$ 528,251
Special Revenue Funds	-	304,913	69,038	247,962	190,661	812,574
<i>Total Fund Balances</i>	<u>\$ 528,251</u>	<u>\$ 304,913</u>	<u>\$ 69,038</u>	<u>\$ 247,962</u>	<u>\$ 190,661</u>	<u>\$ 1,340,825</u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General	Construction and Demo Debris	Public Health Nursing	Environmental Health	Other Governmental Funds	Total Governmental Funds
Receipts						
Intergovernmental	\$ 1,510,604	\$ -	\$ 474,423	\$ 1,447,795	\$ 155,874	\$ 3,588,696
Fines, Licenses and Permits	-	-	-	1,435,785	137,026	1,572,811
Fees and Charges for Services	906,842	610,316	397,220	727,919	38,600	2,680,897
Miscellaneous	25,382	-	-	26,631	-	52,013
Total Receipts	2,442,828	610,316	871,643	3,638,130	331,500	7,894,417
Disbursements						
Salaries	907,639	98,448	646,447	1,516,676	94,401	3,263,611
Supplies	60,324	852	105,112	4,851	13,821	184,960
Remittances to State	-	400,554	-	135,107	32,394	568,055
Equipment	47,818	-	-	-	-	47,818
Contracts - Repair	31,796	339	3,038	3,020	-	38,193
Contracts - Services	536,269	59,403	17,043	1,411,983	111,526	2,136,224
Rentals	115,419	8,956	-	6,397	-	130,772
Travel and Meetings	22,617	3,886	5,205	12,870	2,268	46,846
Advertising and Printing	60,927	-	-	959	-	61,886
Public Employees' Retirement	141,359	13,908	93,437	215,287	13,216	477,207
Workers' Comensation	7,237	737	4,638	12,006	597	25,215
Other Fringe Benefits	178,656	24,921	132,321	348,924	20,701	705,523
Total Disbursements	2,110,061	612,004	1,007,241	3,668,080	288,924	7,686,310
Net Change in Fund Balances	332,767	(1,688)	(135,598)	(29,950)	42,576	208,107
Fund Balances Beginning of Year	195,484	306,601	204,636	277,912	148,085	1,132,718
Fund Balances End of Year	\$ 528,251	\$ 304,913	\$ 69,038	\$ 247,962	\$ 190,661	\$ 1,340,825

See accompanying notes to the basic financial statements

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts	\$ 1,923,466	\$ 2,654,466	\$ 2,442,828	\$ (211,638)
Disbursements				
Personal Services	775,218	1,070,192	907,639	162,553
Fringe Benefits	293,969	405,826	327,252	78,574
Materials and Services	802,861	1,108,353	827,352	281,001
Capital Outlays	49,089	67,767	47,818	19,949
<i>Total Disbursements</i>	<u>1,921,137</u>	<u>2,652,138</u>	<u>2,110,061</u>	<u>542,077</u>
<i>Net Change in Fund Balance</i>	<u>2,329</u>	<u>2,328</u>	<u>332,767</u>	<u>(753,715)</u>
<i>Net Change in Fund Balances</i>	2,329	2,328	332,767	(753,715)
<i>Fund Balances Beginning of Year</i>	<u>195,484</u>	<u>195,484</u>	<u>195,484</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 197,813</u>	<u>\$ 197,812</u>	<u>\$ 528,251</u>	<u>\$ (753,715)</u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
CONSTRUCTION AND DEMOLITION DEBRIS FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts	\$ 869,827	\$ 1,034,827	\$ 610,316	\$ (424,511)
Disbursements				
Personal Services	82,270	106,985	98,448	8,537
Fringe Benefits	39,791	51,744	39,566	12,178
Materials and Services	427,196	555,528	473,990	81,538
<i>Total Disbursements</i>	<u>549,257</u>	<u>714,257</u>	<u>612,004</u>	<u>102,253</u>
<i>Net Change in Fund Balance</i>	320,570	320,570	(1,688)	(322,258)
<i>Fund Balances Beginning of Year</i>	<u>306,601</u>	<u>306,601</u>	<u>306,601</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u><u>\$ 627,171</u></u>	<u><u>\$ 627,171</u></u>	<u><u>\$ 304,913</u></u>	<u><u>\$ (322,258)</u></u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH NURSING FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts	\$ 1,120,936	\$ 1,115,936	\$ 871,643	\$ (244,293)
Disbursements				
Personal Services	671,121	668,096	646,447	21,649
Fringe Benefits	280,722	279,457	230,396	49,061
Materials and Services	157,510	156,800	130,398	26,402
<i>Total Disbursements</i>	<u>1,109,353</u>	<u>1,104,353</u>	<u>1,007,241</u>	<u>97,112</u>
<i>Net Change in Fund Balance</i>	11,584	11,583	(135,598)	(341,405)
<i>Fund Balances Beginning of Yea</i>	<u>204,636</u>	<u>204,636</u>	<u>204,636</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 216,220</u>	<u>\$ 216,219</u>	<u>\$ 69,038</u>	<u>\$ (341,405)</u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ENVIRONMENTAL HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts	<u>\$ 3,784,913</u>	<u>\$ 3,934,913</u>	<u>\$ 3,638,130</u>	<u>\$ (296,783)</u>
Disbursements				
Personal Services	1,517,384	1,517,384	1,516,676	708
Fringe Benefits	595,593	595,593	576,217	19,376
Materials and Services	<u>1,495,377</u>	<u>1,645,376</u>	<u>1,575,187</u>	<u>70,189</u>
<i>Total Disbursements</i>	<u>3,608,353</u>	<u>3,758,353</u>	<u>3,668,080</u>	<u>90,273</u>
<i>Net Change in Fund Balance</i>	176,559	176,560	(29,950)	(387,056)
<i>Fund Balances Beginning of Year</i>	<u>277,912</u>	<u>277,912</u>	<u>277,912</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 454,471</u>	<u>\$ 454,472</u>	<u>\$ 247,962</u>	<u>\$ (387,056)</u>

See accompanying notes to the basic financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Note 1 – Reporting Entity

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

Primary Government

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

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

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

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

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

C. Basis of Accounting

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

D. Budgetary Process

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

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

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

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

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

E. Cash and Investments

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The District does not have restricted assets as of December 31, 2009.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. Long-Term Obligations

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

M. Net Assets

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

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

FRANKLIN COUNTY DISTRICT BOARD OF HEALTH
FRANKLIN COUNTY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

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

N. Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Encumbrances are canceled at year-end and are not reflected as a reservation of fund balance. The District has no reserves as of December 31, 2009.

O. Interfund Transactions

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

Note 3 - Budgetary Basis of Accounting

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

Note 4 - Risk Management

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 4 – Risk Management (Continued)

Casualty Coverage

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

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

Property Coverage

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool ("APEEP"), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2009 the Pool retained \$350,000 for casualty claims and \$150,000 for property claims). The Board of Directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	35,769,535	37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.7 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of member contributions to be billed to approximately 443 member governments in the future, as of December 31, 2008 and 2007, 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 \$38,199. This payable includes the subsequent years' contribution due if the District terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 4 – Risk Management *(Continued)*

Contributions to PEP	
2007	\$41,228
2008	\$40,147
2009	\$38,199

Financial Position *(Continued)*

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

Employee Health Benefits

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

The County provides multiple health care benefit plans that cover approximately 4,800 County employees. Approximately 1,400 employees of other political subdivisions are also in the County's insurance program. Coverage is extended to eligible dependents. Costs are allocated to the fund that pays the salary of the enrolled employee. These payments are accounted for as expenditures in the paying funds and as fees and charges for services in the Employee Benefits internal service fund of the County, from which the claims are paid. An estimate of amounts to be paid for claims incurred but not reported (IBNR) as of year-end has been developed by the County in conjunction with an actuary, based on appropriate standards of practice promulgated by the Actuarial Standards Board. At December 31, 2008 (latest information available), accounts payable balances included \$3,211,000 of reported, unpaid County claims and \$4,609,000 as an estimate for IBNR. Actual claims experience may differ from the estimate.

Note 5 - Defined Benefit Pension Plans

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 5 - Defined Benefit Pension Plans (Continued)

For the year ended December 31, 2008, which is the most recent information available, members of all three plans were required to contribute 10 percent of their annual covered salary to fund pension obligations. The District's contribution rate for pension benefits for 2008 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The District has made all required contributions through December 31, 2009.

Note 6 - Postemployment Benefits

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

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 employer contribution rate was 14 percent of covered payroll; 5.0 percent from January 1 through June 20, 2007 and 6.0 percent from July 1 through December 31, 2007 was the portions used to fund health care. (The information for 2007 is the most recent available)

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

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

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

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care cost. Member and employer contribution rates increased as of January 1, 2007 and January 1, 2009, which will allow additional funds to be allocated to the health care plan.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 7 – Leases

The District leases vehicles under noncancelable leases. The District disbursed \$20,139 to pay lease costs for the year ended December 31, 2009. Future lease payments are as follows:

Year	Amount
2010	10,848
2011	7,890
Total	<u>\$ 18,738</u>

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

Note 8 – Contingent Liabilities

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

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Mary Taylor, CPA

Auditor of State

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

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

To the Members of the Board of Health:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County District Board of Health, Franklin County, Ohio, (the District) as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 26, 2010. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 26, 2010.

We intend this report solely for the information and use of the audit committee, management and the members of the Board of Health. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

February 26, 2010

**FRANKLIN COUNTY BOARD OF HEALTH
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Prior Certification – ORC 5705.41(D)(1)	Yes	
2008-002	Financial Reporting	Yes	



Mary Taylor, CPA
Auditor of State

FRANKLIN COUNTY DISTRICT BOARD OF HEALTH

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 6, 2010**