



Dave Yost • Auditor of State

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Health:

Report on the Financial Statements

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, 2012 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' Government Auditing Standards. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, 2012, and the respective changes in cash financial position and the respective budgetary comparison

for the General and Construction and Demolition Debris, Public Health Nursing, and Environmental Health thereof for the year(s) then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 4, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

October 4, 2013

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

This discussion and analysis of the Franklin County Public Health's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2012, 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.

Financial Highlights

Key financial highlights for 2012 are as follows:

- Net position of the district increased \$50 from the prior year.
- In 2012 program receipts represent 58% of total receipts and are primarily comprised of charges for services for food services licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants. General receipts represent 42% of the district's total receipts, consisting mainly of revenue from other governments.
- The District had \$6,435,579 in disbursements during 2012.

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

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 to an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Position-Cash Basis and the Statement of Activities-Cash Basis provide information about the cash activities of the District as a whole, 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 District-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.

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.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

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 position and the statement of activities reflect how the District did financially during 2012, within the limitations of cash basis accounting. The Statement of Net Position (Cash Basis) presents the cash balances of the governmental activities of the District at year end. The Statement of Activities (Cash Basis) compares cash disbursements with program receipts for each governmental program 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 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 Statement of Net Position (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 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 non-major 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 governmental funds are closely related to those reported in the Governmental activities section of the entity-wide statements.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

The District as a Whole

Table 1 provides a summary of the District's net position for 2012 compared to 2011 on a cash basis:

Table 1			
Net Assets – Cash Basis			
Governmental Activities			
	2012	2011	Change
Assets			
Cash with Fiscal Agent	\$ 1,611,319	\$ 1,611,269	\$ 50
Total Assets	1,611,319	1,611,269	50
Net Assets			
Restricted	1,235,740	1,237,787	(2,047)
Unrestricted	375,579	373,482	2,097
Total Net Assets	\$1,611,319	\$1,611,269	\$50

As mentioned previously, net position of governmental activities increased \$50 as a result of decrease expenditures compared to revenues.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

Table 2 reflects the changes in net position on a cash basis in 2012 and 2011 for governmental activities.

Table 2			
Changes in Net Assets			
Governmental Activities			
	2012	2011	Change
Receipts			
Program Cash Receipts			
Charges for Services	\$3,531,823	\$ 4,042,888	\$ (511,065)
Operating Grants and Contributions	223,224	393,307	(170,083)
Total Program Cash Receipts	3,755,047	4,436,195	(681,148)
General Receipts			
Grants and Entitlements not Restricted to Specific Programs	2,627,064	2,387,054	240,010
Miscellaneous	53,518	50,533	2,985
Total General Receipts	2,680,582	2,437,587	242,995
Total Receipts	6,435,629	6,873,782	(438,153)
Disbursements			
Salaries	3,283,466	\$ 3,160,535	122,931
Supplies	257,701	449,843	(192,142)
Remittances to State	496,698	407,640	89,058
Equipment	33,841	98,075	(64,234)
Contracts-Repair	39,551	40,334	(783)
Contracts - Services	840,864	892,127	(51,263)
Rentals	93,066	102,311	(9,245)
Travel and Meetings	54,399	53,352	1,047
Advertising and Printing	61,945	63,466	(1,521)
Public Employee's Retirement	447,272	448,085	(813)
Worker's Compensation	36,545	32,801	3,744
Unemployment Compensation	0	408	(408)
Other Fringe Benefits	790,231	742,889	47,342
Total Disbursements	6,435,579	6,491,866	(56,287)
Change in Net Assets	50	381,916	(381,866)
Net Assets Beginning of Year	1,611,269	1,229,353	381,916
Net Assets End of Year	\$ 1,611,319	\$ 1,611,269	\$ 50

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

In 2012 program receipts represent 58% of total receipts and are primarily comprised of charges for services for food services licenses, trailer park, swimming pools and spas, and water system permits and state and federal operating grants. General receipts represent 42% of the district's total receipts, consisting mainly of revenue from other governments.

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 51% and 13% 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, 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 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Salaries	\$3,283,466	\$1,498,224	\$ 3,160,535	\$ 1,141,948
Supplies	\$257,701	\$137,040	449,843	235,096
Remittances to State	496,698	84,561	407,640	67,149
Equipment	33,841	(17,070)	98,075	37,995
Contracts - Repair	39,551	29,727	40,334	22,068
Contracts - Services	840,864	245,220	892,127	3,925
Rentals	93,066	67,945	102,311	56,594
Travel and Meetings	54,399	23,142	53,352	22,045
Advertising and Printing	61,945	45,621	63,466	34,536
Public Employees' Retirement	447,272	195,205	448,085	165,399
Workers' Compensation	36,545	15,478	32,801	10,906
Unemployment Compensation	0	0	408	227
Other Fringe Benefits	790,231	355,439	742,889	257,782
Totals	6,435,579	2,680,532	6,491,866	2,055,670

The District has tried to limit its dependence upon state and local subsidies by actively pursuing Federal grants and charging rates for services closely related to costs. Only 42% of the District costs are supported through unrestricted grants and other general receipts.

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 balances may serve as a useful measure of the District's net resources available for spending at the end of the year.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

At the end of 2012 the District had a total ending fund balance of \$1,611,319.

The Fund is the chief operating fund of the District. At the end of 2012, unassigned fund balance in the General fund was \$375,579. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund Expenditures. Unassigned fund balance represents 20% of the total general fund expenditures.

Receipts exceeded expenditures in the General fund by \$2,097 in 2012. Fees and charges for services account for 29% 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 2012, the fund balance was \$191,394.

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 (BCMHP Program). During 2012, expenditures from this fund in support of these programs were \$1,065,067.

The Environmental Health fund accounts for the services provided by the Environmental Health Division. The general services provided by this division are: community environmental health, food protection, plumbing inspections, solid waste and nail-a-dumper program, and water and wastewater programs. During 2012, expenditures from this fund in support of these programs were \$2,764,091.

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.

During 2012, 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. Increase in Final Budget amount for Construction and Demo Debris materials and services is due to increase in demolition of homes and buildings.

Significant differences from Final Budgeted amount to Actual are due to re-categorization of actual amounts for the General Fund, Public Health Nursing Fund and the Environmental Health Fund.

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 monies 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.

FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents with Fiscal/Escrow Agents	\$ 1,611,319
	<hr/>
<i>Total Assets</i>	<u>1,611,319</u>
Net Position	
Restricted for:	1,235,740
Other Purposes	
Unrestricted	<u>375,579</u>
<i>Total Net Position</i>	<u>\$ 1,611,319</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Cash			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Salaries	\$ 3,283,466	\$ 1,747,579	\$ 37,663	\$ (1,498,224)
PERS Contribution	447,272	246,478	5,589	(195,205)
Other Fringe Benefits	790,231	424,046	10,746	(355,439)
Workers Comp	36,545	20,409	658	(15,478)
Supplies	257,701	120,661	0	(137,040)
Equipment	33,841	50,911	0	17,070
Travel Meeting, and Memberships	54,399	24,813	6,444	(23,142)
Contract- Services	840,864	433,520	162,124	(245,220)
Contract- Repairs	39,551	9,824	0	(29,727)
Rentals	93,066	25,121	0	(67,945)
Advertising & Promotion	61,945	16,324	0	(45,621)
Remittance to State	496,698	412,137	0	(84,561)
<i>Total Governmental Activities</i>	<u>\$ 6,435,579</u>	<u>\$ 3,531,823</u>	<u>\$ 223,224</u>	<u>\$ (2,680,532)</u>
General Receipts:				
Grants/Entitlements not Restricted to Specific Programs				2,627,064
Miscellaneous				53,518
<i>Total General Receipts</i>				<u>2,680,582</u>
Change in Net Position				50
<i>Net Position Beginning of Year</i>				<u>1,611,269</u>
<i>Net Position End of Year</i>				<u>\$ 1,611,319</u>

See accompanying notes to the basic financial statements

FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	General Fund	Construction & Demo Debris	Public Health Nursing	Environmental Health	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents with Fiscal/Escrow Agents	\$ 375,579	\$ 191,394	\$ 234,583	\$ 513,167	\$ 296,596	\$ 1,611,319
<i>Total Assets</i>	<u>\$375,579</u>	<u>\$191,394</u>	<u>\$234,583</u>	<u>\$513,167</u>	<u>\$296,596</u>	<u>\$1,611,319</u>
Fund Balances						
Restricted	0	191,394	234,583	513,167	296,596	1,235,740
Unassigned (Deficit)	<u>375,579</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>375,579</u>
<i>Total Fund Balances</i>	<u>\$ 375,579</u>	<u>\$ 191,394</u>	<u>\$ 234,583</u>	<u>\$ 513,167</u>	<u>\$ 296,596</u>	<u>\$ 1,611,319</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	CDD Fund	PHN Fund	Environmental Health	Other Governmental Funds	Total Governmental Funds
Receipts						
Charges for Services	\$ 542,541	\$ 503,607	\$ 280,203	\$ 379,485	\$ 31,475	\$ 1,737,311
Fines, Licenses and Permits	0	0	0	1,707,710	86,802	1,794,512
Intergovernmental:	1,315,391	0	837,875	542,706	154,316	2,850,288
Miscellaneous	18,161	0	0	35,357	0	53,518
<i>Total Receipts</i>	<u>1,876,093</u>	<u>503,607</u>	<u>1,118,078</u>	<u>2,665,258</u>	<u>272,593</u>	<u>6,435,629</u>
Disbursements						
Current:						
Health:						
Salaries	875,326	81,530	629,874	1,636,114	60,622	3,283,466
PERS	123,169	11,414	89,663	214,304	8,722	447,272
Other Fringe Benefits	181,843	22,550	170,948	395,691	19,199	790,231
Workers Comp	9,811	982	6,634	18,289	829	36,545
Supplies	127,428	0	93,585	26,011	10,677	257,701
Equipment	26,156	1,056	0	6,629	0	33,841
Travel, Meeting & Memberships	26,483	183	6,704	9,659	11,370	54,399
Contract-Services	318,957	47,204	65,131	304,040	105,532	840,864
Contract-Repairs	33,902	0	2,528	3,121	0	39,551
Rentals	88,976	0	0	0	4,090	93,066
Advertising and Promotion	61,945	0	0	0	0	61,945
Remittance to State	0	346,465	0	150,233	0	496,698
<i>Total Disbursements</i>	<u>1,873,996</u>	<u>511,384</u>	<u>1,065,067</u>	<u>2,764,091</u>	<u>221,041</u>	<u>6,435,579</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,097</u>	<u>(7,777)</u>	<u>53,011</u>	<u>(98,833)</u>	<u>51,552</u>	<u>50</u>
<i>Net Change in Fund Balances</i>	2,097	(7,777)	53,011	(98,833)	51,552	50
<i>Fund Balances Beginning of Year</i>	<u>373,482</u>	<u>199,171</u>	<u>181,572</u>	<u>612,000</u>	<u>245,044</u>	<u>1,611,269</u>
<i>Fund Balances End of Year</i>	<u>\$ 375,579</u>	<u>\$ 191,394</u>	<u>\$ 234,583</u>	<u>\$ 513,167</u>	<u>\$ 296,596</u>	<u>\$ 1,611,319</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY PUBLIC 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, 2012**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	308,556	316,968	542,541	225,573
Intergovernmental:	1,504,310	1,545,358	1,315,391	(229,967)
Miscellaneous	0	0	18,161	18,161
<i>Total Receipts</i>	1,812,866	1,862,326	1,876,093	13,767
Disbursements				
Current:				
Salaries	910,091	898,597	875,329	23,268
Fringe Benefits	374,859	374,859	314,619	60,240
Material and Services	608,238	690,178	657,892	32,286
Capital Outlay	65,000	45,000	26,156	18,844
<i>Total Disbursements</i>	1,958,188	2,008,634	1,873,996	134,638
<i>Net Change in Fund Balance</i>	(145,322)	(146,308)	2,097	148,405
<i>Fund Balance Beginning of Year</i>	373,482	373,482	373,482	0
<i>Fund Balance End of Year</i>	\$228,160	\$227,174	\$375,579	\$148,405

See accompanying notes to the basic financial statements

FRANKLIN COUNTY PUBLIC 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, 2012**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Charges for Services	\$ 425,000	\$ 515,000	\$ 503,607	\$ (11,393)
<i>Total Receipts</i>	<u>425,000</u>	<u>515,000</u>	<u>503,607</u>	<u>(11,393)</u>
Disbursements				
Current:				
Salaries	90,000	88,000	81,530	6,470
Fringe Benefits	30,000	42,000	34,946	7,054
Material and Services	<u>200,000</u>	<u>455,000</u>	<u>394,908</u>	<u>60,092</u>
<i>Total Disbursements</i>	<u>320,000</u>	<u>585,000</u>	<u>511,384</u>	<u>73,616</u>
<i>Net Change in Fund Balance</i>	105,000	(70,000)	(7,777)	62,223
<i>Fund Balance Beginning of Year</i>	<u>199,171</u>	<u>199,171</u>	<u>199,171</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 304,171</u></u>	<u><u>\$ 129,171</u></u>	<u><u>\$ 191,394</u></u>	<u><u>\$ 62,223</u></u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY PUBLIC 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, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Charges for Services	\$ 542,000	\$ 565,334	\$ 280,203	\$ (285,131)
Intergovernmental:	<u>554,000</u>	<u>524,000</u>	<u>837,875</u>	<u>313,875</u>
<i>Total Receipts</i>	<u>1,096,000</u>	<u>1,089,334</u>	<u>1,118,078</u>	<u>28,744</u>
Disbursements				
Current:				
Salaries	683,087	662,728	629,874	32,854
Fringe Benefits	316,547	316,547	267,245	49,302
Material and Services	<u>105,800</u>	<u>196,493</u>	<u>167,948</u>	<u>28,545</u>
<i>Total Disbursements</i>	<u>1,105,434</u>	<u>1,175,768</u>	<u>1,065,067</u>	<u>110,701</u>
<i>Net Change in Fund Balance</i>	(9,434)	(86,434)	53,011	139,445
<i>Fund Balance Beginning of Year</i>	<u>181,572</u>	<u>181,572</u>	<u>181,572</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 172,138</u></u>	<u><u>\$ 95,138</u></u>	<u><u>\$ 234,583</u></u>	<u><u>\$ 139,445</u></u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY PUBLIC 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, 2012**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
Receipts				
Charges for Services	\$ 842,500	\$ 834,500	\$ 379,485	\$ (455,015)
Fines, Licenses and Permits	1,571,200	1,581,200	1,707,710	126,510
Intergovernmental:	495,858	495,858	542,706	46,848
Miscellaneous	0	0	35,357	35,357
<i>Total Receipts</i>	<u>2,909,558</u>	<u>3,061,558</u>	<u>2,665,258</u>	<u>(246,300)</u>
Disbursements				
Current:				
Salaries	1,772,143	1,712,143	1,636,116	76,027
Fringe Benefits	777,488	764,342	628,282	136,060
Material and Services	706,500	627,645	499,693	127,952
<i>Total Disbursements</i>	<u>3,256,131</u>	<u>3,104,130</u>	<u>2,764,091</u>	<u>340,039</u>
<i>Net Change in Fund Balance</i>	(346,573)	(42,572)	(98,833)	(56,261)
<i>Fund Balance Beginning of Year</i>	<u>612,000</u>	<u>612,000</u>	<u>612,000</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 265,427</u>	<u>\$ 569,428</u>	<u>\$ 513,167</u>	<u>\$ (56,261)</u>

See accompanying notes to the basic financial statements

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Note 1 - Reporting Entity

The Franklin County Public Health (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. A five-member Board appointed by the District Advisory Council 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 financial statements present all activities for which the District is financially accountable.

Note 2 - Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, 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. Following are the more significant of the District's accounting policies.

Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position 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 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 position presents the cash balance of the governmental activities of the District at year end. The statement of activities compares disbursements and program receipts for each program or 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support 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 PUBLIC HEALTH
FRANKLIN COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(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. Non-major funds are aggregated and presented in a single column.

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:

General The general fund accounts for and reports all financial resources not accounted for and reported 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.

Construction and Demolition Debris Special Revenue Fund This fund accounts monies received and paid out for the disposal of debris from construction and demolition sites.

Public Health Nursing Special Revenue Fund This fund accounts for monies received from charges for services and grants to provide immunization clinics, physicals and general health services.

Environmental Health Special Revenue Fund This fund accounts for monies received 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 and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

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 expenses and liabilities) are not recorded in these financial statements.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 2- Summary of Accounting Policies (Continued)

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, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board 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 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 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 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 budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board during the year.

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.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 2- Summary of Accounting Policies (Continued)

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. 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.

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.

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.

Interfund Receivables/Payables

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

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.

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 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when 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 is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily include monies 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 PUBLIC HEALTH
FRANKLIN COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 2- Summary of Accounting Policies (Continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Health, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 2- Summary of Accounting Policies (Continued)

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 and after non-operating receipts/disbursements in proprietary 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 Accounting Principle

For 2012, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the District's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

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, Construction Demo Debris, Public Health Nursing and Environmental Health are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 - Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 5-Risk Management (Continued)

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

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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	(14,208,353)	(14,187,273)
Net Assets	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the District's share of these unpaid claims collectible in future years is approximately \$74,000.

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.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2011</u>
\$37,454	\$38,746

After one year of membership a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 6 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2011 member contribution rates were 10.0% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.0% and 11.6%, respectively. The 2011 employer contribution rate for state and local employees was 14.0% of covered payroll.

The District's required contributions for the years ended December 31, 2012, 2011, and 2010 were \$447,269, \$448,085, and \$465,605 respectively. The District has made 100% of required contribution for 2012, 2011 and 2010.

Note 7 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 7 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB statement 45.

The Ohio Revised Code permits, but does not mandate, 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.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml> or 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 the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent calendar year 2012. The portion of employer contributions allocated to health care for the calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to health care was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their 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.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$127,792, \$128,018, and \$169,002, respectively; 100 percent has been contributed for 2012, 2011 and 2010.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

Note 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Construction & Demo Debris	Public Health Nursing	Environmental Health	Other Governmental Funds	Total Governmental Funds
Restricted for						
Construction and Demo Debris		191,394				191,394
Public Health Nursing			\$234,583			234,583
Environmental Health				\$513,167		513,167
Other Programs and Grants					296,596	296,596
Unassigned (Deficit)	375,579					375,579
<i>Total Fund Balances</i>	<u>\$375,579</u>	<u>\$191,394</u>	<u>\$234,583</u>	<u>\$513,167</u>	<u>\$296,596</u>	<u>\$1,611,319</u>

Note 9 – Contingent Liabilities

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



Dave Yost • Auditor of State

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

Franklin County Public Health
Franklin County
280 East Broad Street
Columbus, Ohio 43215

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County Public Health, Franklin County, Ohio (the District) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 4, 2013, wherein we noted the district uses a comprehensive accounting basis other than generally accepted accounting principles and also noted the District adopted provisions of Governmental Accounting Standards Board Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

October 4, 2013



Dave Yost • Auditor of State

FRANKLIN COUNTY PUBLIC 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
OCTOBER 22, 2013**