

FRANKLIN COUNTY PUBLIC HEALTH

FRANKLIN COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2015





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Franklin County Public Health, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Franklin County Public Health is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 22, 2016

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**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

**CASH BASIS BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash basis 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, 2015, 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 cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Franklin County Public Health, Franklin County, Ohio as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Construction and Demo Debris Fund, Public Health Nursing Fund, Environmental Health Fund, and Regional Public Health Emergency Preparedness Fund thereof for the year then ended in accordance with the accounting basis described in accordance with Note 2.

Accounting Basis

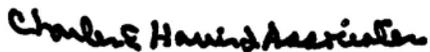
We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2016 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.



Charles E. Harris & Associates, Inc.
June 17, 2016

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

The discussion and analysis of 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, 2015, 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 2015 are as follows:

- Net position increased \$1,049,711 which represents a 47.99% increase from 2014.
- General receipts accounted for \$1,360,471, or 18.12% of all receipts. Program specific receipts, in the form of charges for services and sales and operating grants and contributions, accounted for \$6,148,232 or 81.88% of total revenues of \$7,508,703.
- The District had \$6,458,992 in disbursements related to governmental activities; program-specific charges for services, grants and contributions offset only \$6,148,232 of these disbursements. General receipts supporting governmental activities totaling \$1,360,471, including unrestricted grants and entitlements and miscellaneous receipts, were adequate to provide for these programs.
- The District's disbursements increased \$289,267 or 4.69% from the prior year. The increase was primarily due to an increase in disbursements related to the public health nursing fund.

Using the Basic Financial Statements

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

Report Components

The statement of net position - cash basis and the statement of activities - cash basis provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

Basis of Accounting

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

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

As a result of the use of this cash basis of accounting, certain assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and the effects of these items on revenues and expenses, are not recorded in these financial statements.

Reporting the Board as a Whole

The statement of net position - cash basis and the statement of activities - cash basis reflect how the District performed financially during 2015, within the limitations of the cash basis of 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 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 or capital 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, these changes are one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is an indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, considerations include other non-financial 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.

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 Board'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 - Most of 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 demo and debris fund, public health nursing fund, environmental health fund and regional public health emergency preparedness 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 PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Fiduciary Fund - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary fund is an agency fund.

The District as a Whole

Table 1 provides a summary of the District's net position for 2015 compared to 2014 on a cash basis:

**Table 1
Net Position**

	Governmental Activities	
	2015	2014
<u>Assets:</u>		
Cash and cash equivalents with fiscal agent	\$ 3,237,284	\$ 2,187,573
Total assets	\$ 3,237,284	\$ 2,187,573
<u>Net position:</u>		
Restricted	\$ 2,706,377	\$ 1,776,030
Unrestricted	530,907	411,543
Total net position	\$ 3,237,284	\$ 2,187,573

The District's cash balance and net position at December 31, 2015 amounted to \$3,237,284. Of this amount, \$2,706,377 is restricted as to use.

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**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Table 2 reflects the change in net position in 2015 and provides a comparison to 2014:

**Table 2
Changes in Net Position - Cash Basis**

	Governmental Activities		Change
	2015	2014	
Receipts:			
Program cash receipts:			
Charges for services and sales	\$ 3,628,633	\$ 3,287,398	\$ 341,235
Operating grants and contributions	2,519,599	1,776,241	743,358
Total program cash receipts	<u>6,148,232</u>	<u>5,063,639</u>	<u>1,084,593</u>
General receipts:			
Grants and entitlements not restricted			
by specific program	1,330,500	1,411,381	(80,881)
Miscellaenous	29,971	12,314	17,657
Total general receipts	<u>1,360,471</u>	<u>1,423,695</u>	<u>(63,224)</u>
Total receipts	<u>7,508,703</u>	<u>6,487,334</u>	<u>1,021,369</u>
Disbursements:			
Salaries	3,668,736	3,589,031	79,705
Supplies	239,047	208,293	30,754
Equipment	-	31,062	(31,062)
Contracts-repair	43,443	42,584	859
Contracts-services	667,971	538,136	129,835
Rentals	200,473	167,820	32,653
Travel and meetings	88,981	77,801	11,180
Advertisting and printing	18,727	55,547	(36,820)
PERS	505,345	482,063	23,282
Workers' compensation	35,098	39,389	(4,291)
Other fringe benefits	991,171	937,999	53,172
Total disbursements	<u>6,458,992</u>	<u>6,169,725</u>	<u>289,267</u>
Change in net position	1,049,711	317,609	732,102
Net position at beginning of year	<u>2,187,573</u>	<u>1,869,964</u>	<u>317,609</u>
Net position at end of year	<u>\$ 3,237,284</u>	<u>\$ 2,187,573</u>	<u>\$ 1,049,711</u>

In 2015, program receipts represented 81.88% of total receipts and are primarily comprised of charges for services for food services licenses, trailer park, swimming pool and spas, and water system permits and state and federal operating grants. General receipts represent 18.12% of the District's total receipts, consisting mainly of receipts from other governments.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Governmental Activities

If you look at the statement of activities - cash basis, you will see that the first column lists the major disbursement functions of the District. The next column identifies the disbursement amounts associated with each function. The major function disbursements for governmental activities are for salaries and other fringe benefits, which account for 56.80% and 15.35%, 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 purpose. 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**

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Disbursements:				
Salaries	\$ 3,668,736	\$ 135,465	\$ 3,589,031	\$ 429,538
Supplies	239,047	35,011	208,293	115,531
Equipment	-	-	31,062	21,936
Contracts-repair	43,443	18,808	42,584	21,583
Contracts-services	667,971	43,396	538,136	219,655
Rentals	200,473	41,527	167,820	81,280
Travel and meetings	88,981	(2,769)	77,801	25,626
Advertising and printing	18,727	12,157	55,547	39,050
PERS	505,345	19,245	482,063	58,407
Workers' compensation	35,098	1,060	39,389	2,320
Other fringe benefits	991,171	6,860	937,999	91,160
Totals	<u>\$ 6,458,992</u>	<u>\$ 310,760</u>	<u>\$ 6,169,725</u>	<u>\$ 1,106,086</u>

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 4.82% of the District's 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, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the year.

At the end of 2015 the District had a total ending fund balance of \$3,237,284.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

The general fund is the chief operating fund of the District. At the end of 2015, unassigned fund balance in the general fund was \$530,907. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to general fund disbursements. Unassigned fund balance represents 27.77% of the total general fund disbursements.

Receipts exceeded disbursements in the general fund by \$98,304 in 2015. Fees and charges for services account for 32.45% of receipts in the general fund. Intergovernmental receipts consist of payments from townships, villages and cities in the District. The general fund also had \$21,060 in other financing sources in 2015. Salaries account for the majority of disbursements 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 from the purposes of proper disposal of debris. At the end of 2015, the fund balance was \$336,483.

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 2015, disbursements from this fund in support of these programs were \$1,405,315.

The environmental health fund accounts for 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 environmental crimes task force, and water and wastewater programs. During 2015, disbursements from this fund in support of these programs were \$2,733,735.

The regional public health emergency preparedness fund accounts for monies received and paid out for emergency preparedness activities throughout Central Ohio. The fund balance represents a grant from the Ohio Department of Health to provide for these programs. At the end of 2015, the fund balance was \$135,475.

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 2015, the District amended its general fund budget several times. For the general fund, final budgeted receipts were \$2,031,354, which were the same as original budgeted receipts. Actual receipts for 2015 were \$2,031,409; this represents a \$55 increase from final budgeted receipts.

General fund final budgeted disbursements were \$2,230,828, which were greater than original budgeted disbursements of \$2,200,828. Actual budget-basis disbursements for 2015 totaled \$1,912,045 and were \$318,783 less than the final budget.

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Board'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, Director of Finance and Business Operations, 280 East Broad Street, Room 200, Columbus, Ohio 43215.

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**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2015

	Governmental Activities
Assets	
Cash and cash equivalents with fiscal agent	\$ 3,237,284
Total assets	\$ 3,237,284
 Net position	
Restricted for:	
Public health nursing	\$ 501,914
Environmental health	1,494,104
Construction and demolition debris	336,483
Other purposes	373,876
Unrestricted.	530,907
Total net position	\$ 3,237,284

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2015

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Salaries.	\$ 3,668,736	\$ 2,129,697	\$ 1,403,574	\$ (135,465)
PERS	505,345	294,263	191,837	(19,245)
Workers' compensation.	35,098	19,536	14,502	(1,060)
Other fringe benefits.	991,171	573,509	410,802	(6,860)
Supplies.	239,047	91,944	112,092	(35,011)
Travel, meeting and memberships.	88,981	39,737	52,013	2,769
Contract - services.	667,971	340,925	283,650	(43,396)
Contract - repairs.	43,443	12,734	11,901	(18,808)
Rentals.	200,473	119,900	39,046	(41,527)
Advertising and promotion.	18,727	6,388	182	(12,157)
Total governmental activities	<u>\$ 6,458,992</u>	<u>\$ 3,628,633</u>	<u>\$ 2,519,599</u>	<u>(310,760)</u>
General receipts:				
Grants and entitlements not restricted to specific programs.				1,330,500
Miscellaneous				29,971
Total general receipts.				<u>1,360,471</u>
 Change in net position				 1,049,711
 Net position at beginning of year				 <u>2,187,573</u>
 Net position at end of year				 <u>\$ 3,237,284</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

	<u>General</u>	<u>Construction and Demolition Debris</u>	<u>Public Health Nursing</u>	<u>Environmental Health</u>
Assets				
Cash and cash equivalents with fiscal agent	\$ 530,907	\$ 336,483	\$ 501,914	\$ 1,494,104
Fund balances				
Restricted:				
Public health nursing	\$ -	\$ -	\$ 501,914	\$ -
Environmental health	-	-	-	1,494,104
Construction and demolition debris	-	336,483	-	-
Other purposes	-	-	-	-
Unassigned	530,907	-	-	-
Total fund balances	\$ 530,907	\$ 336,483	\$ 501,914	\$ 1,494,104

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Regional Public Health Emergency Preparedness	Nonmajor Governmental Funds	Total Governmental Funds
<u>\$ 135,475</u>	<u>\$ 238,401</u>	<u>\$ 3,237,284</u>
\$ -	\$ -	\$ 501,914
-	-	1,494,104
-	-	336,483
135,475	238,401	373,876
<u>-</u>	<u>-</u>	<u>530,907</u>
<u>\$ 135,475</u>	<u>\$ 238,401</u>	<u>\$ 3,237,284</u>

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>General</u>	<u>Construction and Demolition Debris</u>	<u>Public Health Nursing</u>	<u>Environmental Health</u>
Receipts:				
Charges for services.	\$ 652,368	\$ 258,092	\$ 78,300	\$ 499,261
Fines, licenses and permits.	-	-	-	2,032,743
Intergovernmental.	1,349,070	-	1,548,427	615,484
Miscellaneous	8,911	-	-	-
Total receipts.	<u>2,010,349</u>	<u>258,092</u>	<u>1,626,727</u>	<u>3,147,488</u>
Disbursements:				
Current:				
Health:				
Salaries.	986,664	85,630	834,629	1,687,219
PERS.	135,624	11,961	116,301	233,016
Workers' compensation.	9,009	774	9,354	15,418
Other fringe benefits.	228,088	20,986	255,172	466,578
Supplies.	97,079	-	93,914	34,071
Travel, meetings & memberships.	25,421	208	17,227	21,874
Contract - services.	288,127	23,435	52,310	183,837
Contract - repairs.	31,790	-	10,229	1,424
Rentals.	91,516	-	16,179	90,298
Advertising and promotion.	18,727	-	-	-
Total disbursements	<u>1,912,045</u>	<u>142,994</u>	<u>1,405,315</u>	<u>2,733,735</u>
Excess of receipts over disbursements.	<u>98,304</u>	<u>115,098</u>	<u>221,412</u>	<u>413,753</u>
Other financing sources:				
Sale of assets.	21,060	-	-	-
Total other financing sources.	<u>21,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	119,364	115,098	221,412	413,753
Fund balances at beginning				
of year.	411,543	221,385	280,502	1,080,351
Fund balances at end of year	<u>\$ 530,907</u>	<u>\$ 336,483</u>	<u>\$ 501,914</u>	<u>\$ 1,494,104</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Regional Public Health Emergency Preparedness	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 12,445	\$ 1,500,466
-	95,424	2,128,167
337,118	-	3,850,099
-	-	8,911
<u>337,118</u>	<u>107,869</u>	<u>7,487,643</u>
56,966	17,628	3,668,736
5,976	2,467	505,345
384	159	35,098
13,492	6,855	991,171
-	13,983	239,047
16,794	7,457	88,981
109,602	10,660	667,971
-	-	43,443
-	2,480	200,473
-	-	18,727
<u>203,214</u>	<u>61,689</u>	<u>6,458,992</u>
<u>133,904</u>	<u>46,180</u>	<u>1,028,651</u>
-	-	21,060
<u>-</u>	<u>-</u>	<u>21,060</u>
133,904	46,180	1,049,711
1,571	192,221	2,187,573
<u>\$ 135,475</u>	<u>\$ 238,401</u>	<u>\$ 3,237,284</u>

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Charges for services.	\$ 330,000	\$ 330,000	\$ 652,368	\$ 322,368
Intergovernmental	1,701,354	1,701,354	1,349,070	(352,284)
Miscellaneous	-	-	8,911	8,911
Total receipts.	<u>2,031,354</u>	<u>2,031,354</u>	<u>2,010,349</u>	<u>(21,005)</u>
Disbursements:				
Current:				
Health:				
Salaries.	1,083,497	1,075,857	986,664	89,193
Fringe benefits.	454,793	454,793	372,722	82,071
Materials and services.	647,538	700,178	552,659	147,519
Capital outlay.	15,000	-	-	-
Total disbursements	<u>2,200,828</u>	<u>2,230,828</u>	<u>1,912,045</u>	<u>318,783</u>
Excess of receipts over disbursements.	<u>(169,474)</u>	<u>(199,474)</u>	<u>98,304</u>	<u>297,778</u>
Other financing sources:				
Sale of assets	-	-	21,060	21,060
Total other financing sources.	<u>-</u>	<u>-</u>	<u>21,060</u>	<u>21,060</u>
Net change in fund balance	(169,474)	(199,474)	119,364	318,838
Fund balance at beginning of year.	<u>411,543</u>	<u>411,543</u>	<u>411,543</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 242,069</u>	<u>\$ 212,069</u>	<u>\$ 530,907</u>	<u>\$ 318,838</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Charges for services.	\$ 550,000	\$ 360,025	\$ 258,092	\$ (101,933)
Total receipts.	<u>550,000</u>	<u>360,025</u>	<u>258,092</u>	<u>(101,933)</u>
Disbursements:				
Current:				
Health:				
Salaries.	92,386	85,630	85,630	-
Fringe benefits.	51,807	33,721	33,721	-
Materials and services.	<u>550,000</u>	<u>23,643</u>	<u>23,643</u>	<u>-</u>
Total disbursements.	<u>694,193</u>	<u>142,994</u>	<u>142,994</u>	<u>-</u>
Net change in fund balance	(144,193)	217,031	115,098	(101,933)
Fund balance at beginning of year.	<u>221,385</u>	<u>221,385</u>	<u>221,385</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 77,192</u>	<u>\$ 438,416</u>	<u>\$ 336,483</u>	<u>\$ (101,933)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH NURSING FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Charges for services.	\$ 45,000	\$ 45,000	\$ 78,300	\$ 33,300
Intergovernmental	1,457,888	1,457,888	1,548,427	90,539
Total receipts.	<u>1,502,888</u>	<u>1,502,888</u>	<u>1,626,727</u>	<u>123,839</u>
Disbursements:				
Current:				
Health:				
Salaries.	1,009,606	909,907	834,629	75,278
Fringe benefits.	493,981	476,981	380,828	96,153
Materials and services.	110,300	234,999	189,858	45,141
Capital outlay.	33,000	25,000	-	25,000
Total disbursements	<u>1,646,887</u>	<u>1,646,887</u>	<u>1,405,315</u>	<u>241,572</u>
Net change in fund balance	(143,999)	(143,999)	221,412	365,411
Fund balance at beginning of year.	<u>280,502</u>	<u>280,502</u>	<u>280,502</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 136,503</u>	<u>\$ 136,503</u>	<u>\$ 501,914</u>	<u>\$ 365,411</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ENVIRONMENTAL HEALTH FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Charges for services.	\$ 2,385,458	\$ 2,385,458	\$ 514,613	\$ (1,870,845)
Fines, licenses and permits.	36,000	36,000	2,032,743	1,996,743
Intergovernmental	<u>622,479</u>	<u>622,479</u>	<u>600,132</u>	<u>(22,347)</u>
Total receipts.	<u>3,043,937</u>	<u>3,043,937</u>	<u>3,147,488</u>	<u>103,551</u>
Disbursements:				
Current:				
Health:				
Salaries.	1,874,850	1,874,850	1,687,219	187,631
Fringe benefits.	892,564	892,564	715,012	177,552
Materials and services.	<u>716,500</u>	<u>716,500</u>	<u>331,504</u>	<u>384,996</u>
Total disbursements	<u>3,483,914</u>	<u>3,483,914</u>	<u>2,733,735</u>	<u>750,179</u>
Net change in fund balance	(439,977)	(439,977)	413,753	853,730
Fund balance at beginning of year.	<u>1,080,351</u>	<u>1,080,351</u>	<u>1,080,351</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 640,374</u>	<u>\$ 640,374</u>	<u>\$ 1,494,104</u>	<u>\$ 853,730</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
REGIONAL PUBLIC HEALTH EMERGENCY PREPAREDNESS FUND
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Intergovernmental	\$ 125,000	\$ 327,515	\$ 337,118	\$ 9,603
Total receipts.	<u>125,000</u>	<u>327,515</u>	<u>337,118</u>	<u>9,603</u>
Disbursements:				
Current:				
Health:				
Salaries.	59,000	89,000	56,966	32,034
Fringe benefits.	23,183	33,183	19,852	13,331
Materials and services.	<u>45,000</u>	<u>206,903</u>	<u>126,396</u>	<u>80,507</u>
Total disbursements	<u>127,183</u>	<u>329,086</u>	<u>203,214</u>	<u>125,872</u>
Net change in fund balance	(2,183)	(1,571)	133,904	135,475
Fund balance at beginning of year.	<u>1,571</u>	<u>1,571</u>	<u>1,571</u>	<u>-</u>
Fund balance (deficit) at end of year.	<u>\$ (612)</u>	<u>\$ -</u>	<u>\$ 135,475</u>	<u>\$ 135,475</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2015

	<u>Agency</u>
Assets	
Cash and cash equivalents with fiscal agent	\$ 85
Total assets	<u>\$ 85</u>
Net position	
Held for other agencies.	\$ 85
Total net position	<u>\$ 85</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 - REPORTING ENTITY

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.

A. 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 Board’s management believes these financial statements present all activities for which the Board is financially accountable.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District, and are significant in amount to the District and organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District’s basic financial statements to be misleading or incomplete. The District has no component units.

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). GAAP includes 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.

A. Basis of Presentation

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

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, except for fiduciary funds. The statements show those activities of the District that are governmental. Governmental activities generally are financed through intergovernmental receipts or other nonexchange transactions.

The statement of net position - cash basis presents the cash balance of the governmental activities of the District at year-end. The statement of activities - cash basis 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 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.

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. Fiduciary funds are reported by fund type.

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. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds. 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 Fund - The general fund accounts for and reports 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.

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

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Environmental Health Fund - This fund accounts for monies received from subdivision tax, grants, and licenses and permit fees to provide for public inspections, licenses and testing.

Regional Public Health Emergency Preparedness Fund - This fund accounts for monies received from a grant from the Ohio Department of Health to provide for emergency preparedness activities throughout Central Ohio.

The other governmental funds of the District are used to account for and report grants and other resources, the use of which is restricted for a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net cash assets and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District does not have any trust funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The District's agency fund accounts for monies held that are due to other agencies.

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 and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the 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 cash 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.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Ohio Revised Code (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 amounts reported as the final budgeted amounts represent the final appropriations passed by the Board during the year.

E. Cash and Investments

In accordance with the Ohio Revised Code, the District's cash is held and invested by the Franklin County Treasurer, who acts as custodian for the District's monies. The District's assets are held in the County Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount. Individual fund integrity is maintained through District records. Deposits and investment 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.

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.

G. 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.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. 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.

I. 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.

J. 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.

K. 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.

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 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 another financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. Net Position

Net position is reported as restricted to the extent of limitations imposed on its use, either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes monies restricted by grantors and reported in special revenue funds.

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

N. 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:

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a 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 all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

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

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 effected the District's pension plan disclosures, as presented in Note 6 to the financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The implementation of GASB Statement No. 71 did not have an effect on the financial statements of the District.

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 basis presented for the general fund, construction demo debris fund public health nursing fund, environmental health fund and regional public health emergency preparedness fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The District had no encumbrances at year end.

NOTE 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

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, 2014 (the latest information available), PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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.

Property and casualty settlements did not exceed insurance coverage for the past three 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, 2014 and 2013 (the latest information available):

<u>Casualty & Property Coverage</u>	<u>2014</u>	<u>2013</u>
Assets	\$35,402,177	\$34,411,883
Liabilities	<u>(12,363,257)</u>	<u>(12,760,194)</u>
Net Position	<u>\$23,038,920</u>	<u>\$21,651,689</u>

At December 31, 2013 and 2014 (the latest information available), respectively, the liabilities above include approximately \$11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed to approximately 488 governments in the future, as of December 31, 2014 and 2013 (the latest information available), respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the District's share of these unpaid claims collectible in future years is approximately \$25,000.

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 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>	
2013	\$40,145
2014	\$38,363
2015	\$39,738

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must 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 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 was incurred or reported prior to the withdrawal.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 - PENSION PLAN

Plan Description - District employees participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 6 - PENSION PLAN - (Continued)

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The District's contractually required contribution was \$505,345 for year 2015.

NOTE 7 - POSTRETIREMENT BENEFIT PLAN

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare 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.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide Other Post-Employment Benefits (OPEB) 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 healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 7 - POSTRETIREMENT BENEFIT PLAN - (Continued)

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2015, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2015 was 2.00%.

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 healthcare plan.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

NOTE 8 - CONTINGENCIES AND GRANTS

The District receives significant financial assistance from numerous federal, State, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District; however in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**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 Trustees:

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 cash basis 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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 17, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles and implemented GASB Statement No. 68.

Internal Controls 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, 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 over financial reporting, 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.



Charles E. Harris & Associates, Inc.

June 17, 2016

FRANKLIN COUNTY PUBLIC HEALTH
FRANKLIN COUNTY, OHIO
For the Year Ended December 31, 2015

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2014-001	Material weakness-Misclassification of receipts/expenses	Yes	

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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
SEPTEMBER 1, 2016**