



Dave Yost • Auditor of State

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

District Board of Health
Licking County
675 Price Road
Newark, Ohio 43055

To the Members of the Board:

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 District Board of Health, Licking 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 District Board of Health, Licking County, Ohio, as of December 31, 2012, and the respective changes in cash financial position and the respective budgetary comparison for the

General and Women, Infants and Children funds thereof for the year 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. The Federal Awards Expenditure Schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional analysis and are not a required part of the basic financial statements.

These tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule 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 May 6, 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

May 6, 2013

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
JANUARY 1, 2012 – DECEMBER 31, 2012
(UNAUDITED)

The Management's Discussion and Analysis of the District Board of Health, Licking County (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 of accounting. The intent of this Management's 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 ended December 31, 2012 are as follows:

- The total net position of the District increased \$121,385 or 7.8% from 2011.
- General cash receipts accounted for \$1,532,758 or 32.3% of total governmental activities cash cash receipts. Program specific cash receipts accounted for \$3,211,653 or 67.7% of total governmental activities cash cash receipts.
- The District had \$4,623,026 in expenses related to governmental activities; \$3,211,653 of these expenses was offset by program specific charges for services and sales, grants or contributions.
- The general fund had cash receipts of \$3,320,948 in 2012. This represents an increase of \$6,404 from 2011 cash receipts. The cash disbursements and other financing uses of the general fund, which totaled \$3,342,686 in 2012 increased \$247,319 from 2011. The net decrease in fund balance for the general fund was \$21,738 or 1.7%.
- The women, infants & children fund had cash receipts and other financing sources of \$565,833 in 2012, which is an increase of \$44,876 from 2011 cash receipts. The cash disbursements in the women, infants & children fund totaled \$571,263 in 2012, which decreased \$10,774 from 2011. The net decrease in fund balance was \$5,430 or 14%.
- In the general fund, the actual cash receipts were \$10,235 higher than they were in the final budget. Actual cash disbursements and other financing uses were \$144,804 less than the amount in the final budget. These variances are the result of the District's conservative budgeting.
- In June of 2012, the District offered an Early Retirement Incentive Plan, and subsequent reorganization, which provided an incentive of a two year buyout for eligible District employees. Seven employees took advantage of this early retirement incentive plan thus resulting in a reduction of annual payroll costs of approximately \$365,000. This action permitted the City of Newark's funding obligation to be reduced by \$100,000 and will allow the District to target its resources specifically for current health priorities.

Using the Basic Financial Statements

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

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
JANUARY 1, 2012 – DECEMBER 31, 2012
(UNAUDITED)

The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail.

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

The notes to the basic 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. Under the District's cash basis of accounting, cash receipts and cash disbursements are recorded when cash is received or paid.

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

Reporting the District as a Whole

The statement of net position and the statement of activities reflect how the District performed financially during 2012, 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 cash disbursements with program cash receipts for each governmental activity. Program cash 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 cash receipts are all cash receipts not classified as program cash receipts. The comparison of cash disbursements with program cash receipts identifies how each governmental function draws from the District's general cash receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other non-financial factors as well such as the condition of the District's capital assets and 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, the District's major programs are reported. Charges for services and state and federal grants finance most of these activities. To a significant extent, benefits provided through the governmental activities are being paid for by the people receiving them.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
JANUARY 1, 2012 – DECEMBER 31, 2012
(UNAUDITED)

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds - The District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's health programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for 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 and the Women, Infants and Children's Funds. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The District as a Whole

The following table provides a summary of the District's net position for 2012 and 2011 as follows:

	Net Position	
	Governmental Activities	
	2012	2011
<u>Assets</u>		
Cash with Fiscal Agent	\$ 1,685,828	\$ 1,564,443
Total Assets	\$ 1,685,828	\$ 1,564,443
<u>Net Position</u>		
Restricted for:		
Women, Infants & Children	\$ 33,368	\$ 38,798
Solid Waste	10,537	6,061
Construction and Demolition Debris	138,573	121,343
Federal, State and Locally Funded Programs	174,436	89,670
Sewage Treatment	110,235	83,120
Unrestricted	1,218,679	1,225,451
Total Net Position	\$ 1,685,828	\$ 1,564,443

As mentioned previously, the net position increased \$121,385 and is primarily associated with a decrease in cash disbursements between years of \$145,285.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
JANUARY 1, 2012 – DECEMBER 31, 2012
(UNAUDITED)

The following table reflects the changes in net position in 2012 and 2011:

	<u>Change in Net Position</u> <u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Cash Receipts:		
Program Cash Receipts:		
Charges for Services and Sales	\$ 1,463,060	\$ 1,437,942
Operating Grants and Contributions	1,748,593	2,205,339
General Cash Receipts:		
Unrestricted Grants and Entitlements	1,508,716	1,367,418
Other	<u>24,042</u>	<u>13,196</u>
Total Cash Receipts	<u>4,744,411</u>	<u>5,023,895</u>
Cash Disbursements:		
Administration	1,071,638	1,171,110
Environmental Health	1,095,002	1,105,176
Solid Waste	45,525	74,979
Nursing	1,518,522	1,522,214
Health Promotion & Planning	321,076	312,795
Women, Infants & Children	<u>571,263</u>	<u>582,037</u>
Total Cash Disbursements	<u>4,623,026</u>	<u>4,768,311</u>
Change in Net Position	121,385	255,584
Net Position at Beginning of Year	<u>1,564,443</u>	<u>1,308,859</u>
Net Position at End of Year	<u>\$ 1,685,828</u>	<u>\$ 1,564,443</u>

In 2012, 68.7% of the District's total cash receipts were from state, federal, non-profit, and private donations and awards, 30.8% were from charges for services, permits, and other fees, and 0.5% was from miscellaneous sources.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
JANUARY 1, 2012 – DECEMBER 31, 2012
(UNAUDITED)

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program cash disbursements for governmental activities are for Environmental Health (23.7%), Administration (23.2%), Nursing (32.8%) and Women, Infants and Children (12.4%). The table below compares the program cash receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general cash receipts which are presented at the bottom of the statement.

Governmental Activities				
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
Program Cash Disbursements:				
Administration	\$ 1,071,638	\$ 835,857	\$ 1,171,110	\$ 880,233
Environmental Health	1,095,002	236,040	1,105,176	203,152
Solid Waste	45,525	(4,475)	74,979	12,979
Nursing	1,518,522	452,103	1,522,214	297,907
Health Promotion & Planning	321,076	(138,582)	312,795	(330,121)
Women, Infants & Children	<u>571,263</u>	<u>30,430</u>	<u>582,037</u>	<u>61,080</u>
Total Cash Disbursements	<u>\$ 4,623,026</u>	<u>\$ 1,411,373</u>	<u>\$ 4,768,311</u>	<u>\$ 1,125,230</u>

The District has tried to limit its dependence upon distributions from townships, cities, and villages and local subsidies by actively pursuing grants and charging rates for services that are closely related to costs.

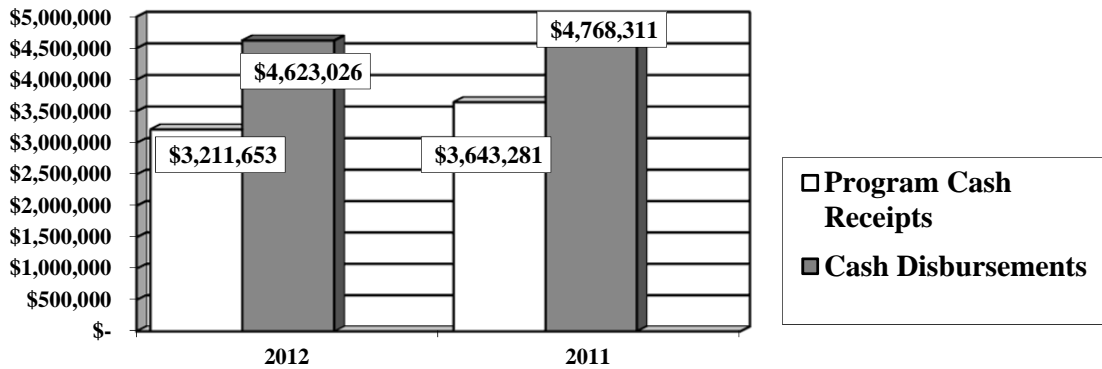
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**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
JANUARY 1, 2012 – DECEMBER 31, 2012
(UNAUDITED)

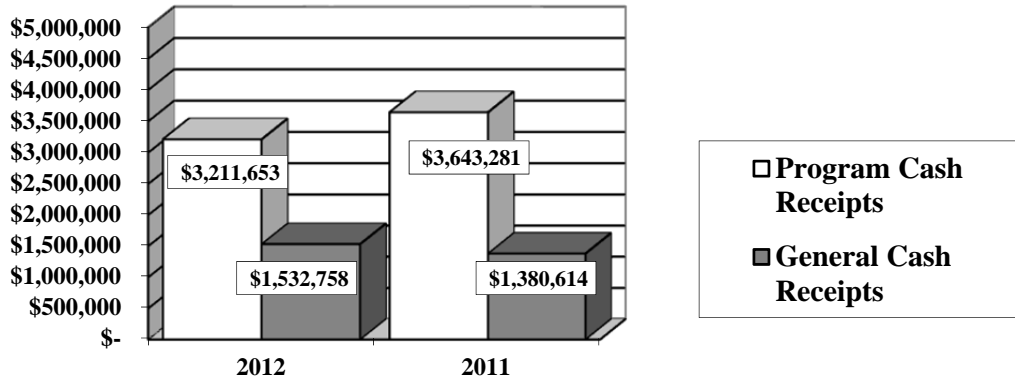
The graph below shows governmental-activities program cash receipts and total cash disbursements for years 2012 and 2011.

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



The graph below shows governmental-activities general and program cash receipts for years 2012 and 2011.

Governmental Activities - General and Program Cash Receipts



General cash receipts increased from 2011 based on higher unrestricted grants and entitlements that were received from state and local sources.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
JANUARY 1, 2012 – DECEMBER 31, 2012
(UNAUDITED)

Financial Analysis of the District's Funds

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable 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 year end.

The District's governmental funds reported a combined fund balance of \$1,685,828 which is \$121,385 higher than the 2011 total of \$1,564,443. The schedule below indicates the fund balances and the total change in fund balances for all major and nonmajor governmental funds.

	<u>Fund Balances</u> 12/31/2012	<u>Fund Balances</u> 12/31/2011	<u>Increase/ (Decrease)</u>
Major Funds:			
General	\$ 1,231,750	\$ 1,253,488	\$ (21,738)
Women, Infants, and Children	33,368	38,798	(5,430)
Other Nonmajor Governmental Funds	<u>420,710</u>	<u>272,157</u>	<u>148,553</u>
Total	<u>\$ 1,685,828</u>	<u>\$ 1,564,443</u>	<u>\$ 121,385</u>

Total fund balances for governmental funds increased based on lower cash disbursements when compared to 2011.

General Fund

The table that follows assists in illustrating the cash receipts of the General fund.

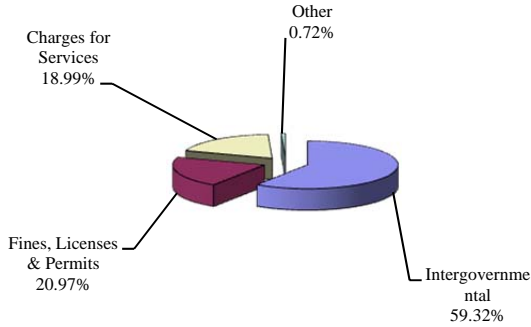
	<u>2012</u> Amount	<u>2011</u> Amount	<u>Percentage</u> Change
Cash Receipts:			
Intergovernmental	\$ 1,969,936	\$ 2,048,216	(3.82) %
Fines, Licenses and Permits	696,463	696,967	(0.07) %
Charges for Services	630,507	556,165	13.37 %
Other	<u>24,042</u>	<u>13,196</u>	<u>82.19 %</u>
Total	<u>\$ 3,320,948</u>	<u>\$ 3,314,544</u>	0.19 %

Intergovernmental cash receipts represent 59.3% of all general fund cash receipts and decreased 3.82% from 2011 and are attributed to lower operating grants received. The graphs below show a breakdown of the general fund's cash receipts for 2012 and 2011:

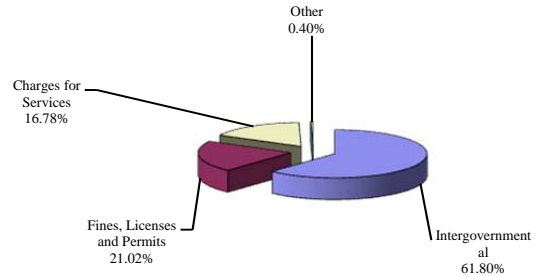
**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JANUARY 1, 2012 – DECEMBER 31, 2012
(UNAUDITED)**

Cash Receipts - 2012



Cash Receipts - 2011

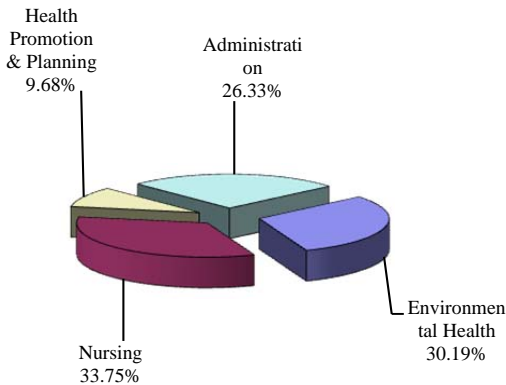


The table that follows assists in illustrating the cash disbursements of the general fund.

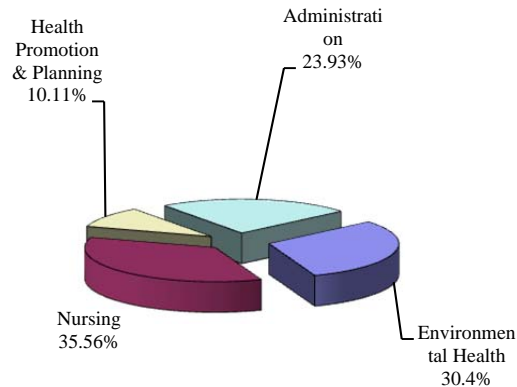
	2012 <u>Amount</u>	2011 <u>Amount</u>	Percentage <u>Change</u>
Cash Disbursements:			
Environmental Health	\$ 1,003,256	\$ 941,085	6.61 %
Nursing	1,119,815	1,100,683	1.74 %
Health Promotion and Planning	321,076	312,795	2.65 %
Administration	873,539	740,804	17.92 %
Total	<u>\$ 3,317,686</u>	<u>\$ 3,095,367</u>	7.18 %

The increase in Administration cash disbursements is attributed cost of living raises and step increases for staff. The graphs below show the general fund's cash disbursements for 2012 and 2011:

Cash Disbursements - 2012



Cash Disbursements - 2011



**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
JANUARY 1, 2012 – DECEMBER 31, 2012
(UNAUDITED)

Women, Infants and Children Fund

The Women, Infants & Children fund had cash receipts and other financing sources of \$565,833 in 2012, which is an increase of \$44,876 from 2011 cash receipts. The cash disbursements in the Women, Infants & Children fund totaled \$571,263 in 2012, which decreased \$10,774 from 2011. The net decrease in fund balance was \$5,430 or 14%.

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, cash disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Original and final estimated cash receipts were \$3,310,713 and actual cash receipts were \$10,235 higher than estimated. Original and final appropriations were \$3,528,126 which was \$144,804 lower than cash disbursements.

Capital Assets and Debt Administration

The District does not report capital assets based on the cash basis of accounting. The District does not have outstanding debt at December 31, 2012.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the District's finances and to reflect the District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to R. Joseph Ebel, Health Commissioner.

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**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012

	<u>Governmental Activities</u>
Assets:	
Cash with Fiscal Agent	<u>\$1,685,828</u>
<i>Total Assets</i>	<u><u>\$1,685,828</u></u>
Net Position:	
Restricted for:	
Women, Infants, & Children	\$33,368
Solid Waste	10,537
Construction and Demolition Debris	138,573
Federal, State, and Local Funded Programs	174,436
Sewage Treatment	110,235
Unrestricted	<u>1,218,679</u>
<i>Total Net Position</i>	<u><u>\$1,685,828</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

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

	Program Cash Receipts		Net (Cash Disbursements) Cash Receipts and Changes in Net Position
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:			
Administration	\$1,071,638	\$235,781	\$0
Environmental Health	1,095,002	856,532	2,430
Solid Waste	45,525	0	50,000
Nursing	1,518,522	370,747	695,672
Health Promotion & Planning	321,076	0	459,658
Women, Infants, & Children	571,263	0	540,833
	\$4,623,026	\$1,463,060	\$1,748,593
<i>Total Governmental Activities</i>			(1,411,373)
General Cash Receipts:			
Grants and Entitlements not Restricted to Specific Programs			1,508,716
Other			24,042
			1,532,758
<i>Total General Cash Receipts</i>			1,532,758
Change in Net Position			121,385
<i>Net Position Beginning of Year</i>			1,564,443
<i>Net Position End of Year</i>			\$1,685,828

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

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

	General	Women, Infants, and Children	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash with Fiscal Agent	\$1,231,750	\$33,368	\$420,710	\$1,685,828
<i>Total Assets</i>	<u>\$1,231,750</u>	<u>\$33,368</u>	<u>\$420,710</u>	<u>\$1,685,828</u>
Fund Balances:				
Restricted:				
Women, Infants, and Children	\$0	\$33,368	\$0	\$33,368
Various Grants	6,535	0	427,245	433,780
Committed:				
Future Obligations	3,107	0	0	3,107
Assigned:				
Future Obligations	37,529	0	0	37,529
Unassigned (Deficits)	1,184,579	0	(6,535)	1,178,044
<i>Total Fund Balances</i>	<u>\$1,231,750</u>	<u>\$33,368</u>	<u>\$420,710</u>	<u>\$1,685,828</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

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

	General	Women, Infants, and Children	Other Governmental Funds	Total Governmental Funds
Cash Receipts:				
Intergovernmental	\$1,969,936	\$540,833	\$746,539	\$3,257,308
Fines, Licenses and Permits	696,463	0	136,091	832,554
Charges for Services	630,507	0	0	630,507
Other	24,042	0	0	24,042
<i>Total Cash Receipts</i>	<u>3,320,948</u>	<u>540,833</u>	<u>882,630</u>	<u>4,744,411</u>
Cash Disbursements:				
Environmental Health	1,003,256	0	91,746	1,095,002
Solid Waste	0	0	45,525	45,525
Nursing	1,119,815	0	398,707	1,518,522
WIC	0	571,263	0	571,263
Health Promotion and Planning	321,076	0	0	321,076
Administration	873,539	0	198,099	1,071,638
<i>Total Cash Disbursements</i>	<u>3,317,686</u>	<u>571,263</u>	<u>734,077</u>	<u>4,623,026</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>3,262</u>	<u>(30,430)</u>	<u>148,553</u>	<u>121,385</u>
Other Financing Sources (Uses):				
Advances Out	(25,000)	-	0	(25,000)
Advances In	-	25,000	0	25,000
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>25,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(21,738)	(5,430)	148,553	121,385
<i>Fund Balances Beginning of Year</i>	<u>1,253,488</u>	<u>38,798</u>	<u>272,157</u>	<u>1,564,443</u>
<i>Fund Balances End of Year</i>	<u><u>\$1,231,750</u></u>	<u><u>\$33,368</u></u>	<u><u>\$420,710</u></u>	<u><u>\$1,685,828</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Cash Receipts:				
Intergovernmental	\$1,944,263	\$1,944,263	\$1,969,936	\$25,673
Fines, Licenses and Permits	732,450	732,450	696,463	(35,987)
Charges for Services	627,000	627,000	630,507	3,507
Miscellaneous	7,000	7,000	24,042	17,042
<i>Total Cash Receipts</i>	<u>3,310,713</u>	<u>3,310,713</u>	<u>3,320,948</u>	<u>10,235</u>
Cash Disbursements:				
Current:				
Salaries	1,940,399	1,940,399	1,889,922	50,477
OPERS	522,886	522,886	511,742	11,144
Health Insurance	140,333	140,333	134,673	5,660
Medicare	24,166	24,166	21,435	2,731
Worker's Compensation	37,044	37,044	37,044	0
Unemployment	15,000	15,000	11,843	3,157
Office Supplies	74,172	74,172	70,781	3,391
Contract Services	258,490	258,490	224,140	34,350
Travel	5,827	5,827	4,327	1,500
Other Expenses	10,921	10,921	9,757	1,164
Board Expenses	8,320	8,320	7,760	560
Equipment	80,949	80,949	72,719	8,230
Medical Supplies	104,242	104,242	90,152	14,090
Professional Education & Dues	19,579	19,579	18,557	1,022
State Remittance	175,000	175,000	175,000	0
Water Samples	11,545	11,545	10,695	850
Tuberculosis-Other	3,579	3,579	1,686	1,893
Mosquito Control Supplies	7,000	7,000	5,540	1,460
Refund	8,000	8,000	5,549	2,451
Grant Supplies	55,674	55,674	55,000	674
<i>Total Cash Disbursements</i>	<u>3,503,126</u>	<u>3,503,126</u>	<u>3,358,322</u>	<u>144,804</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(192,413)</u>	<u>(192,413)</u>	<u>(37,374)</u>	<u>155,039</u>
Other Financing Sources (Uses):				
Advances Out	(25,000)	(25,000)	(25,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(217,413)	(217,413)	(62,374)	155,039
Prior Year Encumbrances Appropriated	12,211	12,211	12,211	0
<i>Fund Balance Beginning of Year</i>	<u>1,241,277</u>	<u>1,241,277</u>	<u>1,241,277</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,036,075</u></u>	<u><u>\$1,036,075</u></u>	<u><u>\$1,191,114</u></u>	<u><u>\$155,039</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL - BUDGETARY BASIS

**WOMEN, INFANTS AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Cash Receipts:				
Intergovernmental	\$590,500	\$590,500	\$540,833	(\$49,667)
<i>Total Cash Receipts</i>	<u>590,500</u>	<u>590,500</u>	<u>540,833</u>	<u>(49,667)</u>
Cash Disbursements:				
Current:				
Salaries	384,000	384,000	383,151	849
OPERS	77,630	77,630	75,441	2,189
Health Insurance	95,751	95,751	82,766	12,985
Medicare	5,350	5,350	4,899	451
Worker's Compensation	6,530	6,530	6,530	0
Supplies	7,107	7,107	6,939	168
Contract Services	12,487	12,487	10,987	1,500
Travel	2,500	2,500	2,500	0
Other	1,093	1,093	1,093	0
Equipment	300	300	0	300
Professional Education & Dues	1,200	1,200	239	961
Training	85	85	85	0
<i>Total Cash Disbursements</i>	<u>594,033</u>	<u>594,033</u>	<u>574,630</u>	<u>19,403</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(3,533)</u>	<u>(3,533)</u>	<u>(33,797)</u>	<u>(30,264)</u>
Other Financing Sources (Uses):				
Transfers In	0	0	9,235	9,235
Transfers Out	(9,235)	(9,235)	(9,235)	0
Advances In	25,000	25,000	25,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>15,765</u>	<u>15,765</u>	<u>25,000</u>	<u>9,235</u>
<i>Net Change in Fund Balance</i>	12,232	12,232	(8,797)	(21,029)
Prior Year Encumbrances Appropriated	2,012	2,012	2,012	0
<i>Fund Balance Beginning of Year</i>	<u>36,786</u>	<u>36,786</u>	<u>36,786</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$51,030</u>	<u>\$51,030</u>	<u>\$30,001</u>	<u>(\$21,029)</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
JANUARY 1, 2012 – DECEMBER 31, 2012

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the District Board of Health, Licking County, Ohio, (the District) as a body corporate and politic. An eleven-member Board of Health appointed by the District Advisory Council governs the District. The Board appoints a Health Commissioner to govern the District. The District's services include communicable disease investigations, immunization clinic inspections, public health nursing services, and issues health-related licenses and permits.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District.

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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. The District does not have any component units.

The District is associated with a related organization and an insurance purchasing pool. These organizations are the Public Health Partnership of Licking County and the Public Entities Pool of Ohio (PEP). These organizations are discussed in Notes 9 and 7 to the basic financial statements.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2, 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. The following are the more significant of the District's accounting policies.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Government-Wide Financial Statements

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis display information about the District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through intergovernmental cash receipts or other nonexchange transactions, charges for services, and fines, licenses, and permits. 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 – Cash Basis presents the cash balance, cash receipts and cash disbursements of the governmental activities of the District at year end. The Statement of Activities – Cash Basis compares cash disbursements and program cash receipts for each program or function of the District's governmental activities. Cash 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 cash 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.

Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the District, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general cash 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. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented in one category, governmental.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 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.

Women, Infants, and Children's Fund (WIC) - This Federal grant fund accounts for the Special Supplemental Nutrition Program.

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

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, cash receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and cash disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

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

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 budget demonstrates a need for existing or increased assessments to political subdivisions. The County Budget Commission reviews and amends or approves the District's budget in December of the preceding year. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established by the District at the fund, department, and object level.

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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

The appropriations resolution is subject to amendment throughout the year 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 the District during the year.

E. Cash and Investments

As required by Ohio Revised Code, the Licking County Treasurer is custodian for the District's cash. The County's cash and investment pool holds the District's assets, valued at the Licking County Treasurer's reported carrying amount.

Deposits and investments disclosures for the County as a whole may be obtained from the Licking County Treasurer's office.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints, whether externally imposed by creditors, contributors, grantors, or laws of other governments, are imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted assets at December 31, 2012.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. An advance out from the General Fund to the Women, Infants & Children Fund of \$25,000 is expected to be repaid once grant funds are received in 2013.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the cash disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of loans are reported as cash when received and principal and interest 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 capital outlay disbursement are reported at inception. Lease payments are reported when paid.

M. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The 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. The government-wide statement of net position reports \$467,148 as restricted, of which none is restricted by enabling legislation.

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:

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.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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 District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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 policies of the District.

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.

O. Interfund Transactions

Transfers between governmental funds are eliminated for reporting purposes on the government-wide financial statements.

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during 2012.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

Note 3 – Change in Accounting Principle

For 2012 the District implemented Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

GASB Statement No. 60 objective is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 had no effect on beginning net position/fund balance.

GASB Statement No. 62 objective is to incorporate within the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB pronouncements, Accounting Principles Board Opinions, and AICPA Accounting Research Bulletins issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 had no effect on beginning net position/fund balance.

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, cash disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for the General and Women, Infant, and Children's Funds at December 31, 2012 amounted to \$40,636 and \$3,367, respectively.

Note 5 – Defined Benefit Pension Plans

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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings; and the Combined Plan – 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.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

Note 5 – Defined Benefit Pension Plans (Continued)

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 in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, 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 2012, 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 Plan.

Funding Policy – The District and covered employees contribute at actuarially determined rates for 2012, 14% and 10%, respectively, of covered employee payroll to OPERS. The District’s contributions to OPERS for the years ended December 31, 2012, 2011, and 2010 were \$335,713, \$352,288, and \$332,259, respectively. Required contributions are equal to 100% of the dollar amount billed for 2012, 2011 and 2010.

Note 6 – Postemployment Benefits

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 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.

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 as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

Note 6 – Postemployment Benefits (Continued)

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as percentages of the covered payroll of active members. For 2012, state and local employers contributed a rate of 14.00% of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees 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% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of the employer contributions allocated to healthcare was lowered 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 District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011 and 2010 were \$95,913, \$109,862, and \$148,587. 100% was contributed for 2012, 2011 and 2010.

Note 7 - 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, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

Note 7 - Risk Management (Continued)

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, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	(14,187,273)	(14,320,812)
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the District's share of these unpaid claims collectible in future years is approximately \$22,429.

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>2011</u>	<u>2010</u>
\$24,379	\$22,523

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.

Note 8 – Contingent Liabilities

A. Grants

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 such disallowed claims could have a material adverse effect on the overall financial position of the District at December 31, 2012.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2012
(Continued)

B. Litigation

The District is not currently involved in any new or outstanding litigation.

Note 9 – Related Organization

The District is associated with the Public Health Partnership of Licking County, a not-for profit Section 501(C)(3) created under the Internal Revenue Code to provide charitable activities and financial support to the District's employees and programs and to care for the sick, elderly, injured, and disabled and to further the treatment of prevention of injury or disease and promote general health programs. This related organization is directed by a nine-member Board with the District's Health Commissioner serving as a member. The Board has no financial responsibility for the operations of the related organization and did not contribute to its operations during 2012.

Note 10 – Other Commitments

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

	Year-End
<u>Fund</u>	<u>Encumbrances</u>
General	\$ 40,636
Women, Infants & Children	3,367
Other Governmental	<u>49,882</u>
Total	<u>\$ 93,885</u>

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**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. Department of Agriculture			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	0451011WA0512	10.557	\$ 571,263
United States Department of the Environmental Protection Agency			
<i>Passed Through Ohio Department of Health</i>			
State Indoor Radon Grant	04510012IR0512	66.032	41,182
United States Department of Transportation			
<i>Passed-through Ohio Department of Public Safety</i>			
State and Community Highway Safety	SC-2012-45-00-00-00369-00	20.600	38,854
United States Department of Alcohol and Drug Addiction			
<i>Passed Through United States Office of Juvenile Justice and Delinquency</i>			
Drug Free Alliance	N/A	16.727	2,000
United States Department of Health and Human Services:			
<i>Passed-through Ohio Department of Health:</i>			
Maternal and Child Health Services Block Grant to the States	04510011MC0512, 04510011DS0512	93.994	97,543
Investigations and Technical Assistance - Tobacco Prevention	04510014TP0112	93.283	43,370
Investigations and Technical Assistance - Breast & Cervical Cancer Project	04510014BC0312	93.283	84,102
Immunization Grants	04510012IM0512	93.268	43,830
Public Health Emergency Preparedness	04510012PH0312	93.069	146,476
Medical Reserve Corps Small Grant Program	NACCHO MRC 12 28	93.008	5,000
Total U.S. Department of Health and Human Services			<u>420,321</u>
Total			<u>\$ 1,073,620</u>

The accompanying notes are an integral part of this schedule.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the District Board of Health, Licking County, Ohio, (the District's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.



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*

District Board of Health
Licking County
675 Price Road
Newark, Ohio 43055

To the Members of the Board:

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 the District Board of Health, Licking 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 May 6, 2013, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 6, 2013



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

District Board of Health
Licking County
675 Price Road
Newark, Ohio 43055

To the Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited the District Board of Health, Licking County, Ohio, (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

May 6, 2013

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) – CFDA# 10.557
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

LICKING COUNTY DISTRICT BOARD OF HEALTH

LICKING 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
JUNE 4, 2013