



Dave Yost • Auditor of State



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements: Government-wide Financial Statements	
Statement of Net Position – Cash Basis .....	15
Statement of Activities – Cash Basis .....	16
Fund Financial Statements: Statement of Cash Basis Assets and Fund Balances - Governmental Funds .....	17
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.....	18
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual – (Budgetary Basis) - General Fund.....	19
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual – (Budgetary Basis) – Women, Infants and Children Fund.....	20
Notes to the Basic Financial Statements .....	21
Other Information .....	37
Notes to Other Information.....	40
Schedule of Expenditures of Federal Awards.....	41
Notes to the Schedule of Expenditures of Federal Awards .....	42
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	43
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	45
Schedule of Findings.....	47

**THIS PAGE INTENTIONALLY LEFT BLANK**



# 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 cash basis financial statements of the governmental activities, the 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, 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 respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio, as of December 31, 2015, 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. 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.

***Other Matters***

*Supplemental Information*

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

*Other Information*

We applied no procedures to Management's Discussion & Analysis, or to the schedules of net pension liabilities and pension contributions as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 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.

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  
Columbus, Ohio

August 9, 2016

**THIS PAGE INTENTIONALLY LEFT BLANK**



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(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, 2015, 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, 2015 are as follows:

- The total net position of the District increased \$514,563 or 15% from 2014.
- General cash receipts accounted for \$1,483,102 or 30% of total governmental activities cash receipts. Program specific cash receipts accounted for \$3,520,289 or 70% of total governmental activities cash receipts.
- The District had \$4,488,828 in expenses related to governmental activities; \$3,520,289 of these expenses was offset by program specific charges for services and sales, operating grants or contributions.
- The general fund had cash receipts of \$3,663,547 in 2015. This represents an increase of \$275,075 from 2014 cash receipts and other financing sources. The cash disbursements and other financing uses of the general fund, which totaled \$3,208,455 in 2015 increased \$371,776 from 2014. The net increase in fund balance for the general fund was \$455,092 or 19%.
- The women, infants & children fund had cash receipts and other financing sources of \$626,976 in 2015, which is an increase of \$26,145 from 2014 cash receipts and other financing sources. The cash disbursements in the women, infants & children fund totaled \$630,754 in 2015, which increased \$12,371 from 2014. The net decrease in fund balance was \$3,778 or 9%.
- In the general fund, the actual cash receipts were \$91,121 higher than they were in the final budget. Actual cash disbursements and other financing uses were \$86,991 less than the amount in the final budget. These variances are the result of the District's conservative budgeting.
- Effective January 1, 2015, the county transferred ownership of the Price Road building and grounds to the District. The District has implemented a maintenance plan which includes the renovation of the clinic wing. Clinic renovation began in November 2015 and will be completed in March 2016.

**Using the Basic Financial Statements**

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

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(UNAUDITED)

---

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 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 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, 2015 – DECEMBER 31, 2015  
(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 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 2015 and 2014 as follows:

	Net Position	
	Governmental Activities	
	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Cash with Fiscal Agent	\$ 3,839,152	\$ 3,324,589
Total Assets	\$ 3,839,152	\$ 3,324,589
<u>Net Position</u>		
Restricted for:		
Women, Infants & Children	\$ 36,662	\$ 40,440
Solid Waste	13,140	11,710
Construction and Demolition Debris	370,775	390,775
Federal, State and Locally Funded Programs	299,746	276,645
Sewage Treatment	281,328	242,543
Unrestricted	2,837,501	2,362,476
Total Net Position	\$ 3,839,152	\$ 3,324,589

As mentioned previously, the net position increased \$514,563 and is primarily associated with an increase in cash receipts with continued total receipts outpacing total disbursements year over year.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(UNAUDITED)

The following table reflects the changes in net position in 2015 and 2014:

	Change in Net Position	
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Cash Receipts:		
Program Cash Receipts:		
Charges for Services and Sales	\$ 1,629,200	\$ 1,564,146
Operating Grants and Contributions	1,891,089	1,716,282
General Cash Receipts:		
Unrestricted Grants and Entitlements	1,392,040	1,373,319
Other	<u>91,062</u>	<u>320,348</u>
Total Cash Receipts	<u>5,003,391</u>	<u>4,974,095</u>
Cash Disbursements:		
Administration	1,284,345	1,189,722
Environmental Health	859,206	867,444
Solid Waste	43,570	55,160
Nursing	1,227,102	1,134,013
Health Promotion & Planning	443,851	271,104
Women, Infants & Children	<u>630,754</u>	<u>593,383</u>
Total Cash Disbursements	<u>4,488,828</u>	<u>4,110,826</u>
Change in Net Position	514,563	863,269
Net Position at Beginning of Year	<u>3,324,589</u>	<u>2,461,320</u>
Net Position at End of Year	<u>\$ 3,839,152</u>	<u>\$ 3,324,589</u>

In 2015, 65% of the District's total cash receipts were from state, federal, non-profit, and private donations and awards, 33% were from charges for services, permits, and other fees, and 2% was from other sources.

**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 (19%), Administration (29%), Nursing (27%) and Women, Infants and Children (14%). 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.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(UNAUDITED)

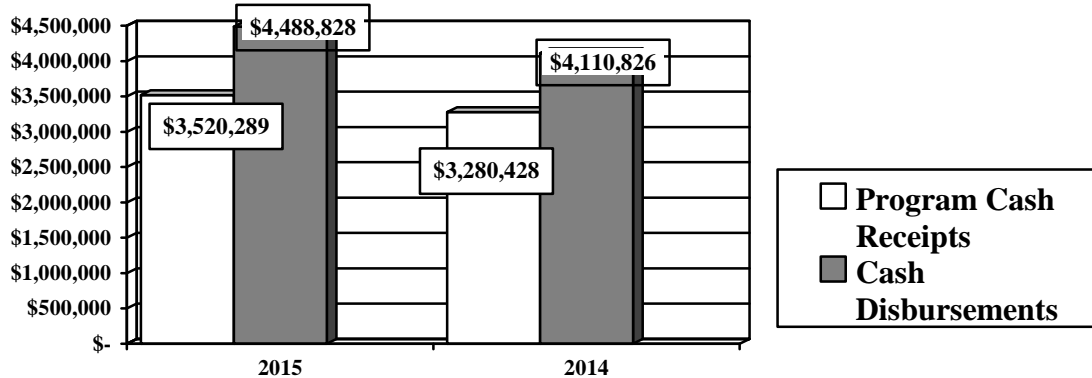
**Governmental Activities**

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Program Cash Disbursements:				
Administration	\$ 1,284,345	\$ 1,027,090	\$ 1,189,722	\$ 943,862
Environmental Health	859,206	(87,689)	867,444	(58,578)
Solid Waste	43,570	(1,430)	55,160	5,160
Nursing	1,227,102	157,101	1,134,013	93,066
Health Promotion & Planning Women, Infants & Children	443,851	(155,330)	271,104	(170,664)
	<u>630,754</u>	<u>28,797</u>	<u>593,383</u>	<u>17,552</u>
Total Cash Disbursements	<u>\$ 4,488,828</u>	<u>\$ 968,539</u>	<u>\$ 4,110,826</u>	<u>\$ 830,398</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.

The graph below shows governmental-activities program cash receipts and total cash disbursements for years 2015 and 2014.

**Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements**

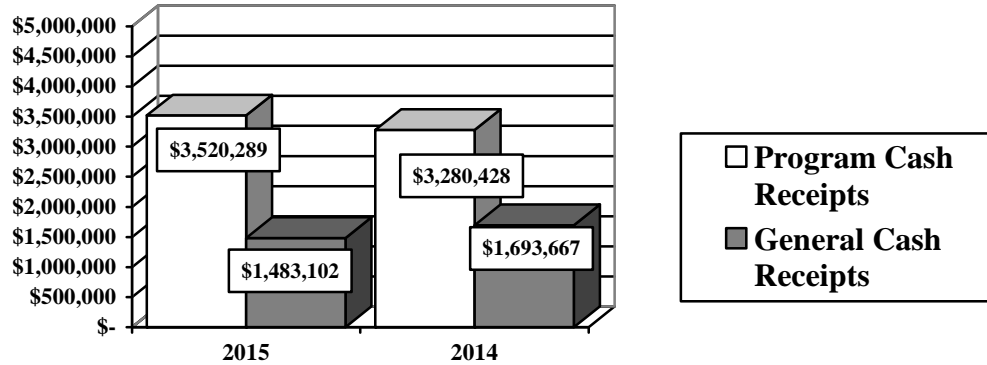


**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(UNAUDITED)

The graph below shows governmental-activities general and program cash receipts for years 2015 and 2014.

**Governmental Activities - General and Program Cash Receipts**



General cash receipts decreased which was primarily associated with an insurance settlement payment received in 2014 by the Construction and Demolition Debris Other Governmental Fund.

**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 \$3,839,152 which is \$514,563 higher than the 2014 total of \$3,324,589. The schedule below indicates the fund balances and the total change in fund balances for all major and other governmental funds.

	Fund Balances 12/31/2015	Fund Balances 12/31/2014	Increase/ (Decrease)
Major Funds:			
General	\$ 2,904,535	\$ 2,449,443	\$ 455,092
Women, Infants, and Children	36,662	40,440	(3,778)
Other Governmental Funds	897,955	834,706	63,249
Total	<u>\$ 3,839,152</u>	<u>\$ 3,324,589</u>	<u>\$ 514,563</u>

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(UNAUDITED)

As mentioned previously, the net position increased \$514,563 and is primarily associated with an increase in cash receipts with continued total receipts outpacing total disbursements year over year.

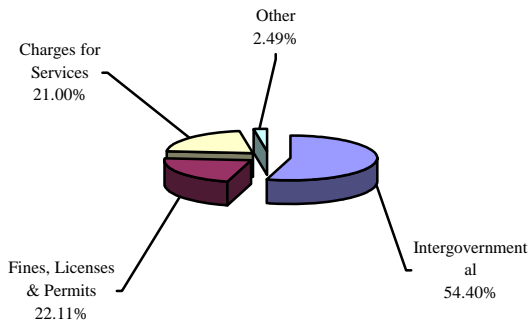
**General Fund**

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

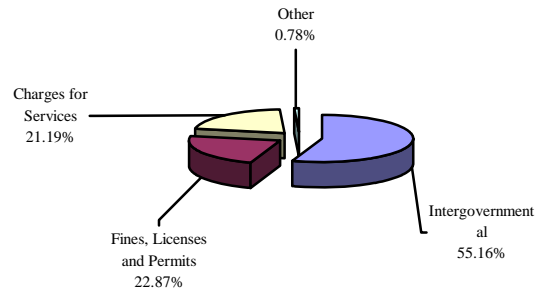
	2015 Amount	2014 Amount	Percentage Change
Cash Receipts:			
Intergovernmental	\$ 1,993,146	\$ 1,855,312	7.43 %
Fines, Licenses and Permits	810,117	769,170	5.32 %
Charges for Services	769,240	712,842	7.91 %
Other	91,044	26,148	248.19 %
<b>Total</b>	<b>\$ 3,663,547</b>	<b>\$ 3,363,472</b>	<b>8.92 %</b>

Intergovernmental cash receipts represent 54% of all general fund cash receipts and total receipts increased 8.92% from 2014 which is attributed to higher intergovernmental receipts received. The graphs below show a breakdown of the general fund's cash receipts for 2015 and 2014:

**Cash Receipts – 2015**



**Cash Receipts - 2014**



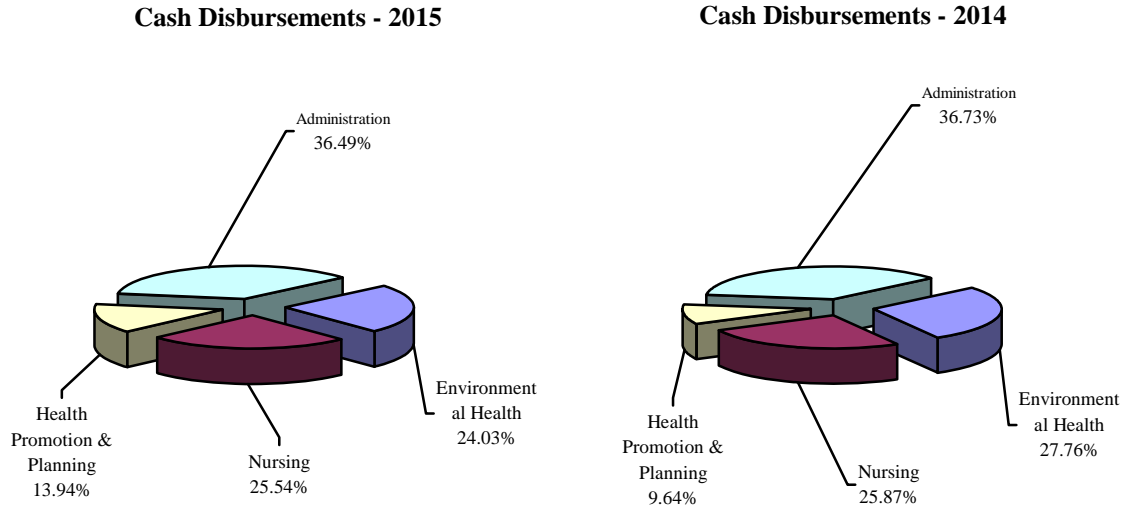
**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT’S DISCUSSION AND ANALYSIS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(UNAUDITED)

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

	2015 Amount	2014 Amount	Percentage Change
<b>Cash Disbursements:</b>			
Environmental Health	\$ 764,883	\$ 780,511	(2.00) %
Nursing	813,203	727,298	11.81 %
Health Promotion and Planning	443,851	271,104	63.72 %
Administration	1,161,518	1,032,766	12.47 %
<b>Total</b>	<b>\$ 3,183,455</b>	<b>\$ 2,811,679</b>	<b>13.22 %</b>

Disbursements increased 13.22% from 2014 with Health Promotion and Planning having the largest increase. The graphs below show the general fund’s cash disbursements for 2015 and 2014:



***Women, Infants and Children Fund***

The women, infants & children fund had cash receipts and other financing sources of \$626,976 in 2015, which is an increase of \$26,145 from 2014 cash receipts and other financing sources. The cash disbursements in the women, infants & children fund totaled \$630,754 in 2015, which increased \$12,371 from 2014. The net decrease in fund balance was \$3,778 or 9%.

***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.



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(UNAUDITED)

---

In the general fund, the actual cash receipts were \$91,121 higher than they were in the final budget. Actual cash disbursements and other financing uses were \$86,991 less than the amount in the final budget. These variances are the result of the District's conservative budgeting.

**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, 2015.

**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.

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2015

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash with Fiscal Agent	<u>\$3,839,152</u>
<i>Total Assets</i>	<u><u>\$3,839,152</u></u>
<b>Net Position:</b>	
Restricted for:	
Women, Infants, & Children	\$36,662
Solid Waste	13,140
Construction and Demolition Debris	370,775
Federal, State, and Local Funded Programs	299,746
Sewage Treatment	281,328
Unrestricted	<u>2,837,501</u>
<i>Total Net Position</i>	<u><u>\$3,839,152</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, 2015

	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
<b>Governmental Activities:</b>			
Administration	\$1,284,345	\$257,255	\$0
Environmental Health	859,206	946,895	0
Solid Waste	43,570	0	45,000
Nursing	1,227,102	425,050	644,951
Health Promotion & Planning	443,851	0	599,181
Women, Infants, & Children	630,754	0	601,957
	<b>\$4,488,828</b>	<b>\$1,629,200</b>	<b>\$1,891,089</b>
<i>Total Governmental Activities</i>	<b>\$4,488,828</b>	<b>\$1,629,200</b>	<b>\$1,891,089</b>
 <b>General Cash Receipts:</b>			
Grants and Entitlements not Restricted to Specific Programs			1,392,040
Other			91,062
<i>Total General Cash Receipts</i>			1,483,102
Change in Net Position			514,563
<i>Net Position Beginning of Year</i>			3,324,589
<i>Net Position End of Year</i>			\$3,839,152

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, 2015

	General	Women, Infants, and Children	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash with Fiscal Agent	\$2,904,535	\$36,662	\$897,955	\$3,839,152
<i>Total Assets</i>	<u>\$2,904,535</u>	<u>\$36,662</u>	<u>\$897,955</u>	<u>\$3,839,152</u>
<b>Fund Balances:</b>				
Restricted:				
Women, Infants, and Children	\$0	\$36,662	\$0	\$36,662
Construction & Demolition Debris	0	0	370,775	370,775
Sewage Treatment	0	0	281,328	281,328
Various Grants	22,809	0	290,077	312,886
Committed:				
Future Obligations	8,431	0	0	8,431
Assigned:				
Future Obligations	221,499	0	0	221,499
Unassigned (Deficits)	2,651,796	0	(44,225)	2,607,571
<i>Total Fund Balances</i>	<u>\$2,904,535</u>	<u>\$36,662</u>	<u>\$897,955</u>	<u>\$3,839,152</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, 2015

	General	Women, Infants, and Children	Other Governmental Funds	Total Governmental Funds
<b>Cash Receipts:</b>				
Intergovernmental	\$1,993,146	\$601,957	\$624,760	\$3,219,863
Fines, Licenses and Permits	810,117	0	113,108	923,225
Charges for Services	769,240	0	0	769,240
Other	91,044	19	0	91,063
<i>Total Cash Receipts</i>	<u>3,663,547</u>	<u>601,976</u>	<u>737,868</u>	<u>5,003,391</u>
<b>Cash Disbursements:</b>				
Environmental Health	764,883	0	94,323	859,206
Solid Waste	0	0	43,570	43,570
Nursing	813,203	0	413,899	1,227,102
WIC	0	630,754	0	630,754
Health Promotion and Planning Administration	443,851	0	0	443,851
	1,161,518	0	122,827	1,284,345
<i>Total Cash Disbursements</i>	<u>3,183,455</u>	<u>630,754</u>	<u>674,619</u>	<u>4,488,828</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>480,092</u>	<u>(28,778)</u>	<u>63,249</u>	<u>514,563</u>
<b>Other Financing Sources (Uses):</b>				
Advances In	0	25,000	0	25,000
Advances Out	(25,000)	0	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>	455,092	(3,778)	63,249	514,563
<i>Fund Balances Beginning of Year</i>	<u>2,449,443</u>	<u>40,440</u>	<u>834,706</u>	<u>3,324,589</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,904,535</u></u>	<u><u>\$36,662</u></u>	<u><u>\$897,955</u></u>	<u><u>\$3,839,152</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Cash Receipts:</b>				
Intergovernmental	\$1,887,725	\$1,957,236	\$1,993,146	\$35,910
Fines, Licenses and Permits	758,700	758,700	810,117	51,417
Charges for Services	708,000	767,089	769,240	2,151
Other	50,000	89,401	91,044	1,643
<i>Total Cash Receipts</i>	<u>3,404,425</u>	<u>3,572,426</u>	<u>3,663,547</u>	<u>91,121</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	1,693,024	1,670,624	1,662,144	8,480
OPERS	203,028	203,028	194,179	8,849
Health Insurance	294,774	212,649	204,396	8,253
Medicare	21,028	21,028	19,504	1,524
Worker's Compensation	29,783	23,214	23,214	0
Unemployment	3,000	2,600	0	2,600
Office Supplies	108,305	129,682	129,682	0
Contract Services	211,195	444,276	423,943	20,333
Travel	3,477	3,477	2,083	1,394
Other Expenses	5,594	4,037	3,912	125
Utilities	42,155	42,094	35,094	7,000
Board Expenses	9,600	9,600	9,120	480
Equipment	110,000	120,800	119,669	1,131
Rent	6,491	191	191	0
Medical Supplies	153,816	159,316	154,816	4,500
Professional Education & Dues	19,535	19,914	19,879	35
State Reimbursement - Water Samples	190,000	190,000	190,000	0
Water Samples	14,233	14,233	12,809	1,424
Tuberculosis-Other	5,000	5,000	2,085	2,915
Mosquito Control Supplies	18,000	9,719	9,719	0
Refund	6,500	7,100	6,808	292
Grant Supplies	53,225	62,003	51,815	10,188
Grant Contract Services	0	145,791	138,323	7,468
<i>Total Cash Disbursements</i>	<u>3,201,763</u>	<u>3,500,376</u>	<u>3,413,385</u>	<u>86,991</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>202,662</u>	<u>72,050</u>	<u>250,162</u>	<u>178,112</u>
<b>Other Financing Sources (Uses):</b>				
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>	177,662	47,050	225,162	178,112
Prior Year Encumbrances Appropriated	45,709	45,709	45,709	0
<i>Fund Balance Beginning of Year</i>	<u>2,403,734</u>	<u>2,403,734</u>	<u>2,403,734</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,627,105</u>	<u>\$2,496,493</u>	<u>\$2,674,605</u>	<u>\$178,112</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Cash Receipts:</b>				
Intergovernmental	\$617,467	\$617,417	\$601,957	(\$15,460)
Other	0	0	19	19
<i>Total Cash Receipts</i>	<u>617,467</u>	<u>617,417</u>	<u>601,976</u>	<u>(15,441)</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	419,838	404,859	400,199	4,660
OPERS	58,777	58,777	55,217	3,560
Health Insurance	96,186	96,186	96,186	0
Medicare	6,088	6,088	5,557	531
Worker's Compensation	7,994	6,835	6,835	0
Supplies	34,109	37,339	36,794	545
Contract Services	13,972	14,471	14,248	223
Travel	1,520	1,780	1,733	47
Other	5,906	5,906	5,906	0
Professional Education & Dues	2,400	800	308	492
Utilities	4,800	4,800	4,800	0
Rent	2,971	2,971	2,971	0
<i>Total Cash Disbursements</i>	<u>654,561</u>	<u>640,812</u>	<u>630,754</u>	<u>10,058</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(37,094)</u>	<u>(23,395)</u>	<u>(28,778)</u>	<u>(5,383)</u>
<b>Other Financing Sources (Uses):</b>				
Advances Out	(25,000)	(9,509)	-	9,509
Advances In	25,000	25,000	25,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>15,491</u>	<u>25,000</u>	<u>9,509</u>
<i>Net Change in Fund Balance</i>	<u>(37,094)</u>	<u>(7,904)</u>	<u>(3,778)</u>	<u>4,126</u>
Prior Year Encumbrances Appropriated	2,154	2,154	2,154	0
<i>Fund Balance Beginning of Year</i>	<u>38,286</u>	<u>38,286</u>	<u>38,286</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,346</u>	<u>\$32,536</u>	<u>\$36,662</u>	<u>\$4,126</u>

See accompanying notes to the basic financial statements



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015

---

**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 8 and 10 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  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(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 other governmental 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  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(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 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.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

---

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

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.

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, 2015.

**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.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

---

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

**I. Interfund Receivables/Payables**

The District reports advances-in and advances-out for interfund loans.

**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. Pensions**

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**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 \$1,001,651 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.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

---

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

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by 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 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 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 2015.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

---

**Note 3 – Change in Accounting Principal**

For 2015, the District has implemented GASB Statement No. 68, “Accounting and Financial Reporting for Pensions”. GASB Statement No. 68 improves the recognition, measurement, and disclosures for state and local specific to pensions. The implementation of GASB Statement No. 68 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, 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 Fund at December 31, 2015 amounted to \$229,930.

**Note 5 – Advances**

Advances at December 31, 2015, consisted of the following:

	Advances In	Advances Out
<b>Major Funds:</b>		
General Fund	\$0	\$25,000
Women, Infants, and Children	25,000	0
Total	<u>\$25,000</u>	<u>\$25,000</u>

Advances at December 31, 2015 were to provide funding to the Women, Infants and Children Fund based on timing differences related to the grant reimbursements. All advances are expected to be repaid within the next year.

**Note 6 – Defined Benefit Pension Plans**

***Net Pension Liability***

For 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68” were effective. These GASB pronouncements had no effect on beginning net position as reported December 31, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

---

**Note 6 – Defined Benefit Pension Plans** (Continued)

The net pension liability represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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.



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

**Note 6 – Defined Benefit Pension Plans** (Continued)

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):

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

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:

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

**Note 6 – Defined Benefit Pension Plans** (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District’s contractually required contribution was \$327,693 for year 2015.

***Net Pension Liability***

The net pension asset and net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset and net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	OPERS Traditional	OPERS Combined	Total
Proportionate Share of the Net Pension Liability	\$2,147,964	(\$6,246)	\$2,141,718
Proportion of the Net Pension Liability	0.017809%	0.0162220%	

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

**Note 6 – Defined Benefit Pension Plans** (Continued)

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the District’s proportionate share of the net pension asset/liability calculated using the current period discount rate assumption of 8 percent, as well as what the District’s proportionate share of the net pension asset/liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

**Note 6 – Defined Benefit Pension Plans** (Continued)

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension (asset) liability:			
Traditional Plan	\$ 3,951,639	\$ 2,147,964	\$ 628,836
Combined Plan	811	(6,246)	(11,842)

**Note 7 – Post Retirement Benefit Plans**

**Ohio Public Employees Retirement System**

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 Plan and the Combined Plan. 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 OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the 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 (800) 222-7377.

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.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$46,795, \$45,055, and \$22,798, respectively.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

---

**Note 7 – Post Retirement Benefit Plans** (Continued)

100% has been contributed for 2015 2014 and 2013.

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 - 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. 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 York. 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, 2015, PEP retained \$350,000 for casualty claims and \$100,000 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.

**Financial Position**

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

---

**Note 8 - Risk Management** (Continued)

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. 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 \$18,000.

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

<b><u>Contributions to PEP</u></b>	
<b><u>2015</u></b>	<b><u>2014</u></b>
\$28,128	\$23,423

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 9 – 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, 2015.

**B. Litigation**

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2015 – DECEMBER 31, 2015  
(CONTINUED)

---

**Note 10 – 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 2015.

**Note 11 – 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:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 229,930
Other Governmental	298
Total	<u>\$ 230,228</u>

**THIS PAGE IS INTENTIONALLY LEFT BLANK**



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY/(ASSET)**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TWO FISCAL YEARS (1)**

---

	2015	2014
District's Proportion of the Net Pension Liability - Traditional Plan	0.017809%	0.017809%
District's Proportion of the Net Pension Asset - Combined Plan	0.016222%	0.016222%
District's Proportionate Share of the Net Pension Liability - Traditional Plan	\$ 2,147,964	\$ 2,099,449
District's Proportionate Share of the Net Pension Asset - Combined Plan	\$ (6,246)	\$ (1,702)
District's Covered-Employee Payroll	\$ 2,340,664	\$ 2,252,757
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	91.50%	93.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)		
Traditional Plan	86.45%	N/A
Combined Plan	114.83%	N/A

(1) Information prior to 2014 is not available.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS (1)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 327,693	\$ 315,386	\$ 319,308
Contributions in Relation to the Contractually Required Contribution	<u>(327,693)</u>	<u>(315,386)</u>	<u>(319,308)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$ 2,340,664	\$ 2,252,757	\$ 2,280,771
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%

(1) Information prior to 2008 is not available

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 355,713	\$ 352,288	\$ 332,259	\$ 283,653	\$ 261,866
<u>(355,713)</u>	<u>(352,288)</u>	<u>(332,259)</u>	<u>(283,653)</u>	<u>(261,866)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$ 2,540,807	\$ 2,516,343	\$ 2,373,279	\$ 2,026,093	\$ 1,870,471
14.00%	14.00%	14.00%	14.00%	14.00%

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015**

---

**Ohio Public Employees Retirement System**

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

**Change in Benefit Terms:** There were no changes in benefit terms from the amounts reported for 2015 and 2014.

**Changes in Assumptions:** There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2015 and 2014. See the notes to the basic financial statements for the methods and assumptions in the calculations.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	04510011WA0815/04510011WA0916	\$ 611,143
<b>U.S. DEPARTMENT OF THE ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Passed Through Ohio Department of Health</i>			
State Indoor Radon Grant	66.032	04510012IR0815/04510012IR0916	31,356
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Public Safety</i>			
State and Community Highway Safety	20.600	SC-2015-45-00-00-00490-00 SC-2016-45-00-00-00409-00	51,828
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Health</i>			
Maternal and Child Health Services Block Grant to the States	93.994	04510011MC0815/04510011MC0916	35,376
Maternal and Child Health Services Block Grant to the States - Dental Sealant	93.994	04510011DS0815/04510011DS0714	47,500
Lead Hazard Control and Healthy Homes	93.994	B04MC26688-01-02	5,000
Investigations and Technical Assistance - Tobacco Prevention	93.283	04510014TO0415	26,682
Breast and Cervical Cancer Early Detection Program	93.919	04510014BC0615/04510014BC0716	156,224
Immunization Cooperative Agreements	93.268	04510012IM0815	25,633
Public Health Emergency Preparedness	93.074	04510012PH0615/04510012PH0716	122,823
Public Health Emergency Preparedness - Ebola Monitoring	93.074	U90TP000541	779
Medical Reserve Corps Small Grant Program	93.008	5MRCSG101005-04-00	3,500
Preventative Health and Health Services Block Grant	93.758	04510014CC0215	154,000
National State Based Tobacco Control Programs	93.305	1 U58 DP005979-01	4,220
<i>Passed Through Franklin County Public Health</i>			
Public Health Emergency Preparedness - Ebola Operations	93.074	02520012EB0116	11,073
<i>Passed Through City of Columbus Department of Health</i>			
Public Health Emergency Preparedness - City Readiness Initiative	93.074	02520012PH0716	12,811
Total U.S. Department of Health and Human Services			605,621
<b>Total Expenditures of Federal Awards</b>			<b>\$ 1,299,948</b>

*The accompanying notes are an integral part of this schedule.*

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of District Board of Health, Licking County, Ohio (the District) under programs of the federal government for the year ended December 31, 2015. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



# 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, the 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, 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 August 9, 2016, 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 opinions 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 initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 9, 2016





# 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 THE UNIFORM GUIDANCE

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

To the Members of the Board:

### ***Report on Compliance for the Major Federal Program***

We have audited the District Board of Health, Licking County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended December 31, 2015. The *Summary of Auditor's 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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, 2015.

***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 the Uniform Guidance, 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 9, 2016

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2015**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control 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 weaknesses in internal control 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	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(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: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**This page intentionally left blank.**



# Dave Yost • Auditor of State

LICKING- 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  
SEPTEMBER 13, 2016