

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA

Auditor of State

Members of the Board
District Board of Health
675 Price Road
Newark, Ohio 43055

We have reviewed the *Independent Auditors' Report* of the District Board of Health, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 7, 2008

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**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

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

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio (the District), as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio as of December 31, 2007, and the respective changes in cash basis financial position and the respective budgetary comparisons of the General and Women, Infants, and Children's Funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
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District Board of Health
Licking County
Independent Auditors' Report

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wilson, Shuman & Snow, Inc.

May 16, 2008

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(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, 2007, 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 2007 are as follows:

- Total Receipts increased by \$189,831.
- Net assets decreased by \$98,679.
- A continued slow housing market led to low receipts for Plumbing, Sewage, and Well permits. This was the primary contributor to the decline in net assets during 2007. To compensate for the loss of revenue, a sanitarian that retired at the end of 2007 will not be replaced until construction activity recovers.

Using the Basic Financial Statements

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

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

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

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

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 assets and the statement of activities reflect how the District performed financially during 2007, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the District at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

In the Statement of Net Assets – 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
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

The District as a Whole

Table 1 provides a summary of the Health District's net assets for 2007 and 2006 as follows:

**Table 1
Net Assets – Cash Basis**

| | <u>2007</u> | <u>2006</u> |
|------------------------------------|-------------------|-------------------|
| Assets | | |
| Cash with Fiscal Agent | \$ <u>190,946</u> | \$ <u>289,625</u> |
| <i>Total Assets</i> | \$ <u>190,946</u> | \$ <u>289,625</u> |
| Net Assets | | |
| Restricted for: | | |
| Women, Infants, & Children | \$ 73,762 | \$ 10,116 |
| Construction and Demolition Debris | 7,117 | 34,602 |
| Sewage Treatment | 10,502 | 30,398 |
| Unrestricted | <u>99,565</u> | <u>214,509</u> |
| <i>Total Net Assets</i> | \$ <u>190,946</u> | \$ <u>289,625</u> |

As mentioned previously, net assets decreased \$98,679.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

Table 2 reflects the changes in net assets in 2007 and 2006:

**Table 2
Changes in Net Assets**

| | Governmental Activities 2007 | Governmental Activities 2006 |
|--|---|---|
| | <u>2007</u> | <u>2006</u> |
| Receipts | | |
| Program Cash Receipts | | |
| Charges for Services | \$1,089,943 | \$1,104,217 |
| Operating Grants and Contributions | <u>1,070,007</u> | <u>891,811</u> |
| Total Program Cash Receipts | <u>2,159,950</u> | <u>1,996,028</u> |
| General Receipts | | |
| Grants and Entitlements not Restricted to Specific Programs | 455,893 | 424,196 |
| Miscellaneous | <u>4,766</u> | <u>10,554</u> |
| Total General Receipts | <u>460,659</u> | <u>434,750</u> |
| Total Receipts | <u>2,620,609</u> | <u>2,430,778</u> |
| Disbursements | | |
| Environmental Health | 1,149,786 | 1,044,355 |
| Solid Waste | 54,110 | 49,377 |
| Nursing | 403,257 | 376,354 |
| Women, Infants, and Children | 434,259 | 404,130 |
| Health Education | 428,203 | 298,434 |
| Administration | <u>249,673</u> | <u>270,576</u> |
| Total Disbursements | <u>2,719,288</u> | <u>2,443,226</u> |
| Net Change in Fund Balances | (98,679) | (12,448) |
| Net Assets Beginning of Year | <u>289,625</u> | <u>302,073</u> |
| Net Assets End of Year | <u>\$ 190,946</u> | <u>\$ 289,625</u> |

In 2007, approximately 58% of the District's total receipts were from state, federal, non-profit, and private donations and grant awards. Only 21% of the District's revenues were from assessments to townships, villages, and cities within the District, which is a component of intergovernmental cash receipts. 42% of receipts were generated through charges for services, permits, and other fees.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Environmental Health (42%), WIC (16%), Nursing (15%) and Administration (9%). Table 3 compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

**Table 3
Governmental Activities**

| | <u>Total Cost of Services 2007</u> | <u>Net Cost of Services 2007</u> | <u>Total Cost of Services 2006</u> | <u>Net Cost of Services 2006</u> |
|----------------------------|---|---|---|---|
| Administration | \$ 249,673 | \$ 212,637 | \$ 270,576 | \$ 234,560 |
| Environmental Health | 1,149,786 | 254,401 | 1,044,355 | 116,938 |
| Solid Waste | 54,110 | 4,760 | 49,377 | (4,769) |
| Nursing | 403,257 | 243,946 | 376,354 | 209,030 |
| Health Education | 428,203 | (92,965) | 298,434 | (149,907) |
| Women, Infants, & Children | <u>434,259</u> | <u>(63,441)</u> | <u>404,130</u> | <u>41,346</u> |
| Total | <u>\$2,719,288</u> | <u>\$ 559,338</u> | <u>\$2,443,226</u> | <u>\$ 447,198</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 District's Funds

The governmental funds had total receipts of \$2,620,609 and disbursements of \$2,719,288. The governmental funds had a decrease in the cash balance of \$98,679.

The fund balance of the General Fund decreased by \$114,944 to \$99,565 at year-end. This represents 6%, or over 6 weeks, of annual disbursements. The Women, Infants, and Children's Fund increased by \$63,646 to \$73,762.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

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.

Estimated receipts increased \$43,831 from the original budget to \$1,978,991 although actual receipts were \$247,837 less than estimated. Final appropriations were \$1,978,319 which was \$63,022 higher than original appropriations. Final expenditures of \$1,870,008 were \$108,311 less than final appropriations.

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.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

*Statement of Net Assets - Cash Basis
December 31, 2007*

| | <u>Governmental Activities</u> |
|------------------------------------|------------------------------------|
| Assets | |
| Cash with Fiscal Agent | \$ 190,946 |
| <i>Total Assets</i> | <u>\$ 190,946</u> |
| | |
| Net Assets | |
| Restricted for: | |
| Women, Infants, & Children | \$ 73,762 |
| Construction and Demolition Debris | 7,117 |
| Sewage Treatment | 10,502 |
| Unrestricted | <u>99,565</u> |
| <i>Total Net Assets</i> | <u>\$ 190,946</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, 2007*

| | Program Receipts | | Net (Disbursements) Receipts and Changes in Net Assets |
|--------------------------------------|--------------------------------------|--|--|
| Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Primary Government Governmental Activities |
| Governmental Activities | | | |
| Administration | \$ 249,673 | \$ 37,036 | \$ (212,637) |
| Environmental Health | 1,149,786 | 895,385 | (254,401) |
| Solid Waste | 54,110 | - | (4,760) |
| Nursing | 403,257 | 120,171 | (243,946) |
| Health Education | 428,203 | 37,351 | 92,965 |
| Women, Infants, & Children | 434,259 | - | 63,441 |
| | <u>\$ 2,719,288</u> | <u>\$ 1,089,943</u> | <u>\$ (559,338)</u> |
| <i>Total Governmental Activities</i> | <u>\$ 2,719,288</u> | <u>\$ 1,089,943</u> | <u>\$ (559,338)</u> |

General Receipts

| | |
|---|-------------------|
| Grants and Entitlements not Restricted to Specific Programs | 455,893 |
| Miscellaneous | 4,766 |
| | <u>460,659</u> |
| <i>Total General Receipts</i> | <u>460,659</u> |
| Change in Net Assets | (98,679) |
| <i>Net Assets Beginning of Year</i> | <u>289,625</u> |
| <i>Net Assets End of Year</i> | <u>\$ 190,946</u> |

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, 2007*

| | General | Women, Infants, and Children | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|------------------|------------------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Cash with Fiscal Agent | \$ 99,565 | \$ 73,762 | \$ 17,619 | \$ 190,946 |
| <i>Total Assets</i> | <u>\$ 99,565</u> | <u>\$ 73,762</u> | <u>\$ 17,619</u> | <u>\$ 190,946</u> |
| Fund Balances | | | | |
| Reserved: | | | | |
| Reserved for Encumbrances | \$ 23,910 | \$ 2,010 | \$ 10,209 | \$ 36,129 |
| Unreserved: | | | | |
| Designated for budget stabilization | 28,000 | 12,100 | - | 40,100 |
| Undesignated (Deficit), Reported in: | | | | |
| General Fund | 47,655 | - | - | 47,655 |
| Special Revenue Funds | - | 59,652 | 7,410 | 67,062 |
| <i>Total Fund Balances</i> | <u>\$ 99,565</u> | <u>\$ 73,762</u> | <u>\$ 17,619</u> | <u>\$ 190,946</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, 2007*

| | <u>General</u> | <u>Women, Infants, and Children</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|------------------|---|---|---|
| Receipts | | | | |
| Intergovernmental | \$ 978,848 | \$ 497,700 | \$ 49,350 | \$ 1,525,898 |
| Fines, Licenses and Permits | 524,494 | - | 367,200 | 891,694 |
| Charges for Services | 198,251 | - | - | 198,251 |
| Miscellaneous | 4,561 | 205 | - | 4,766 |
| <i>Total Receipts</i> | <u>1,706,154</u> | <u>497,905</u> | <u>416,550</u> | <u>2,620,609</u> |
| Disbursements | | | | |
| Environmental Health | 685,855 | - | 463,931 | 1,149,786 |
| Solid Waste | 54,110 | - | - | 54,110 |
| Nursing | 403,257 | - | - | 403,257 |
| WIC | - | 434,259 | - | 434,259 |
| Health Education | 428,203 | - | - | 428,203 |
| Administration | 249,673 | - | - | 249,673 |
| <i>Total Disbursements</i> | <u>1,821,098</u> | <u>434,259</u> | <u>463,931</u> | <u>2,719,288</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(114,944)</u> | <u>63,646</u> | <u>(47,381)</u> | <u>(98,679)</u> |
| Other Financing Sources (Uses) | | | | |
| Advances In | 25,000 | 25,000 | - | 50,000 |
| Advances Out | (25,000) | (25,000) | - | (50,000) |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net Change in Fund Balances</i> | (114,944) | 63,646 | (47,381) | (98,679) |
| <i>Fund Balances Beginning of Year</i> | <u>214,509</u> | <u>10,116</u> | <u>65,000</u> | <u>289,625</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 99,565</u> | <u>\$ 73,762</u> | <u>\$ 17,619</u> | <u>\$ 190,946</u> |

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007*

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|------------------|---|
| | Original | Final | Actual | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 1,095,890 | 1,121,036 | 978,848 | (142,188) |
| Fines, Licenses and Permits | 587,208 | 600,682 | 524,494 | (76,188) |
| Charges for Services | 221,956 | 227,049 | 198,251 | (28,798) |
| Miscellaneous | 5,106 | 5,224 | 4,561 | (663) |
| <i>Total Receipts</i> | <u>1,910,160</u> | <u>1,953,991</u> | <u>1,706,154</u> | <u>(247,837)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Salaries | 1,000,896 | 1,014,988 | 1,002,787 | 12,201 |
| OPERS | 216,556 | 216,556 | 213,431 | 3,125 |
| Health Insurance | 266,318 | 266,318 | 235,932 | 30,386 |
| Medicare | 14,959 | 14,959 | 14,607 | 352 |
| Worker's Comp | 15,295 | 17,203 | 17,203 | - |
| Office-Supplies | 36,199 | 40,444 | 40,444 | - |
| Contract Services | 117,074 | 146,247 | 146,247 | - |
| Travel | 24,818 | 27,657 | 15,657 | 12,000 |
| Other Expenses | 5,800 | 6,455 | 5,149 | 1,306 |
| Board Expenses | 7,500 | 8,420 | 6,720 | 1,700 |
| Equipment | 60,000 | 49,918 | 20,203 | 29,715 |
| Medical Supplies | 8,000 | 8,434 | 7,434 | 1,000 |
| Professional Ed/Dues | 3,682 | 6,265 | 3,844 | 2,421 |
| State Remittance | 60,000 | 64,032 | 59,032 | 5,000 |
| H2O Samples | 7,000 | 7,285 | 5,385 | 1,900 |
| TB-Other | 5,700 | 6,393 | 4,693 | 1,700 |
| Reimbursement | 5,000 | 5,000 | 3,776 | 1,224 |
| Mosquito Control Supplies | 7,500 | 8,195 | 3,914 | 4,281 |
| Grant Supplies | 28,000 | 38,550 | 38,550 | - |
| <i>Total Disbursements</i> | <u>1,890,297</u> | <u>1,953,319</u> | <u>1,845,008</u> | <u>108,311</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>19,863</u> | <u>672</u> | <u>(138,854)</u> | <u>(139,526)</u> |
| Other Financing Sources (Uses) | | | | |
| Advances In | 25,000 | 25,000 | 25,000 | - |
| Advances Out | (25,000) | (25,000) | (25,000) | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net Change in Fund Balances</i> | <u>19,863</u> | <u>672</u> | <u>(138,854)</u> | <u>(139,526)</u> |
| Prior Year Encumbrances Appropriated | 31,021 | 31,021 | 31,021 | - |
| <i>Fund Balances Beginning of Year</i> | <u>183,488</u> | <u>183,488</u> | <u>183,488</u> | <u>-</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 234,372</u> | <u>\$ 215,181</u> | <u>\$ 75,655</u> | <u>\$ (139,526)</u> |

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
WIC Fund
For the Year Ended December 31, 2007*

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|------------------|------------|------------|---|
| | Original | Final | Actual | |
| Receipts | | | | |
| Intergovernmental | \$ 476,900 | \$ 476,900 | \$ 497,700 | \$ 20,800 |
| Miscellaneous | - | - | 205 | 205 |
| <i>Total Receipts</i> | 476,900 | 476,900 | 497,905 | 21,005 |
| Disbursements | | | | |
| Current: | | | | |
| Salaries | 278,100 | 278,100 | 269,579 | 8,521 |
| OPERS | 58,380 | 58,380 | 56,315 | 2,065 |
| Medicare | 4,032 | 4,032 | 3,604 | 428 |
| Unemployment | - | 2,701 | 382 | 2,319 |
| Worker's Comp | 5,000 | 4,798 | 3,592 | 1,206 |
| Supplies | 1,000 | 13,141 | 3,840 | 9,301 |
| Contract Services | 3,200 | 3,578 | 3,128 | 450 |
| Travel | 5,000 | 5,300 | 4,999 | 301 |
| Equipment | 1,000 | 400 | - | 400 |
| Professional Ed & Dues | 500 | 1,687 | 1,513 | 174 |
| Reimbursement | 91,316 | 91,316 | 89,317 | 1,999 |
| <i>Total Disbursements</i> | 447,528 | 463,433 | 436,269 | 27,164 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 29,372 | 13,467 | 61,636 | 48,169 |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 2,700 | 2,700 | 2,700 | - |
| Transfers Out | (2,700) | (2,700) | (2,700) | - |
| Advances In | 25,000 | 25,000 | 25,000 | - |
| Advances Out | (25,000) | (25,000) | (25,000) | - |
| <i>Total Other Financing Sources (Uses)</i> | - | - | - | - |
| <i>Net Change in Fund Balances</i> | 29,372 | 13,467 | 61,636 | 48,169 |
| Prior Year Encumbrances Appropriated | 5,519 | 5,519 | 5,519 | - |
| <i>Fund Balances Beginning of Year</i> | 4,597 | 4,597 | 4,597 | - |
| <i>Fund Balances End of Year</i> | \$ 39,488 | \$ 23,583 | \$ 71,752 | \$ 48,169 |

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007**

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. A nine-member Board and a Health Commissioner govern the District. The District's services include communicable disease investigations immunization clinics inspections public health nursing services and issues health-related licenses and permits

A. Primary Government

A reporting entity is comprised of the primary government, component units and other organizations included in ensuring that the basic financial statements are not misleading. 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 10 and 5 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.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a Statement of Net Assets – Cash Basis and a Statement of Activities – Cash Basis, and fund financial statements which provide a more detailed level of financial information.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The Statement of Net Assets – 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 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 Assets – 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 disbursements and program 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 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 receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct cash disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

Fund Financial Statements

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

B. Fund Accounting

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

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:

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

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

C. Basis of Accounting

The District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. 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 for all funds.

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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, 2007.

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
DECEMBER 31, 2007
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

I. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. There were no outstanding advances at December 31, 2007.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the cash disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. 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 assets reports \$91,381 of restricted net assets, of which none is restricted by enabling legislation

N. Fund Balance Reserves/Designations

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The District has designated monies for the purpose of stabilizing the budget against cyclical changes in revenues and expenditures in accordance with Ohio Revised Code Section 5705.13. The amounts designated in the General and Women, Infants, and Children's Funds at December 31, 2007 were \$28,000 and \$12,100, respectively. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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 2007.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, cash disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for the General and Women, Infant, and Children’s Funds at December 31, 2007 amounted to \$23,910 and \$2,010, respectively.

Note 4 – Deposits and Investments

The Licking County Treasurer serves as the fiscal agent for the District and is responsible for investing funds in active, inactive and interim deposits.

The Ohio Revised Code restricts deposits and investments to the following:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

Note 4 – Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

In addition, authorized investments may include investments in commercial paper and bankers acceptances with appropriate limitations if ORC training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Licking County Treasurer serves as the fiscal agent for the District and the investments of Licking County funds, including the District's cash. The District maintains no control over the investment of its cash. At December 31, 2007, the carrying amount of the District's deposits was \$190,946.

The District relies on the Licking County Treasurer to monitor interest rate, credit and concentration of credit risk associated with the District's deposits.

Note 5 - Risk Management

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

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

Note 5 - Risk Management (Continued)

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

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

Note 5 - Risk Management (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

| <u>Casualty Coverage</u> | <u>2006</u> | <u>2005</u> |
|--------------------------|---------------------|---------------------|
| Assets | \$30,997,868 | \$29,719,675 |
| Liabilities | (15,875,741) | (15,994,168) |
| Retained earnings | <u>\$15,122,127</u> | <u>\$13,725,507</u> |

| <u>Property Coverage</u> | <u>2006</u> | <u>2005</u> |
|--------------------------|--------------------|--------------------|
| Assets | \$5,125,326 | \$4,443,332 |
| Liabilities | (863,163) | (1,068,245) |
| Retained earnings | <u>\$4,262,163</u> | <u>\$3,375,087</u> |

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$14.4 million and \$14.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$14.4 million and \$14.3 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$26,647.00. This payable includes the subsequent year's contribution due if the District terminates participation, as described in the last paragraph below.

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

| <u>Contributions to PEP</u> | |
|-----------------------------|-------------|
| 2005 | \$12,978.00 |
| 2006 | \$13,146.00 |
| 2007 | \$13,501.00 |

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2007

(Continued)

Note 5 - Risk Management (Continued)

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

Note 6 – Defined Benefit Pension Plans

Plan Description – All employees of the District are eligible to participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans; the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The authority to establish and amend benefits is provided in Chapter 145 of the Ohio revised Code. OPERS issues a publicly available comprehensive annual financial report which includes financial statements and required supplementary information for OPERS. That report may be obtained by writing to Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-PERS (7377).

Funding Policy – The District and covered employees contribute at actuarially determined rates for 2007, 13.85% and 9.5%, respectively, of covered employee payroll to OPERS. The District's contributions to OPERS for the years ended December 31, 2007, 2006, and 2005 were \$222,625, \$202,499, and \$185,150, respectively. Required contributions are equal to 100% of the dollar amount billed. The Board of the District has elected to pay a portion of the employees' OPERS employee requirement which totaled \$92,473 for 2007.

Note 7 – Postemployment Benefits

OPERS provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available under OPERS. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB). The portion of employer contributions, for all employers, allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007. The Ohio Revised Code provides the statutory authority for public employers to fund postretirement health care through their contributions to OPERS.

Employer contributions are advance-funded on an actuarially determined basis and are determined by state statute. The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

Note 7 – Postemployment Benefits (Continued)

The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 2006 (latest actuarial review). An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actual gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5 percent.

OPERS (assuming the number of active employees remains constant) assumes an annual increase of 4.00% compounded annually for the base portion of an individual's pay increase. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.3%.

Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 5% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase 4% (the projected wage inflation rate).

As of December 31, 2006, the audited estimated net assets available for OPEB were \$12 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Fund (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

Note 8 – Contingent Liabilities

A. Grants

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse effect on the overall financial position of the District at December 31, 2007.

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
DECEMBER 31, 2007
(Continued)**

Note 9 – Interfund Transactions

Interfund advances consisted of the following at December 31, 2007:

| | |
|---|-----------------|
| Advances to the Women, Infants, and Children’s Fund from: | |
| General Fund | <u>\$25,000</u> |
| Advances to the General Fund from: | |
| Women, Infants, and Children’s Fund | <u>\$25,000</u> |

Note 10 – Related Organization

The District associated with the Public Health Partnership of Licking County, a not-for profit 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 three-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 2007.

Note 11 – Subsequent Events

On February 1, 2008, the City of Newark General Health District merged with the District therefore the District assumed operational and financial control of the City of Newark General Health District activities.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

| Federal Grantor / Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Expenditures |
|--|---|------------------------------------|---------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 4510011CL07/WA0108 | 10.557 | \$ 434,259 |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| <i>Passed Through Ohio Department of Public Safety:</i> | | | |
| State and Community Highway Safety | 900/SC20088400026601 | 20.600 | 35,293 |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| State Indoor Radon Grant | 4510012BA07/2IR0108 | 66.032 | 52,249 |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| <i>Passed Through Ohio Department of Health:</i> | | | |
| Public Health Emergency Preparedness | N/A - Not Provided | 93.069 | 180,034 |
| Preventive Health and Service Block Grant | N/A - Not Provided | 93.991 | 9,000 |
| Human Immunodeficiency Virus | 4510011MC07/MC0108 | 93.994 | 51,731 |
| <i>Total Passed Through Ohio Department of Health:</i> | | | 240,765 |
| <i>Passed Through Licking County Department of Jobs and Family Services:</i> | | | |
| Temporary Assistance for Needy Families (TANF) | N/A - Not Provided | 93.558 | 35,536 |
| <i>Total Passed Through Licking County Department Jobs and Family Services</i> | | | 35,536 |
| Medical Reserve Corps Small Grant Program | N/A - Direct Funding | 93.008 | 11,000 |
| Total U.S. Department of Health and Human Services | | | 287,301 |
| Total Expenditures of Federal Awards | | | \$ 809,102 |

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.



Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio (the District) as of and for the year ended December 31, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 16, 2008 wherein we noted the District prepared its financial statements on the cash basis which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in by the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Trustees, management, Auditor of State, and federal awarding and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
May 16, 2008



**Report on Compliance with Requirements Applicable to Its Major Program and on
Internal Control over Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited the compliance of the District Board of Health, Licking County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District Board of Health, Licking County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2007.

Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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District Board of Health
Report on Compliance with Requirements Applicable to
Its Major Program and an Internal Control over
Compliance in Accordance with *OMB Circular A-133*
Page 2

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, Auditor of State, and federal awarding and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
May 16, 2008

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

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
JULY 17, 2008**