



Dave Yost • Auditor of State

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets – Cash Basis	9
Statement of Activities – Cash Basis	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances – Governmental Funds	11
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds	12
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – General Fund	13
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis – Women, Infant, and Children Fund	14
Notes to the Basic Financial Statements	15
Federal Awards Expenditure Schedule.....	27
Notes to the Federal Awards Expenditure Schedule	28
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29
Independent Accountants' Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	31
Schedule of Findings.....	33

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of District Board of Health, Licking County, Ohio, (the District) as of and for the year ended December 31, 2011, 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 accounting basis. 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of District Board of Health, Licking County, Ohio, as of December 31, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General and Women, Infants and Children funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, during 2011 the District Board of Health adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2012, 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.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. The federal awards expenditure schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However, these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

Dave Yost
Auditor of State

May 17, 2012

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
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, 2011, 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.

Highlights

Key highlights for 2011 are as follows:

- Net assets increased by \$255,584.
- Total Disbursements decreased by \$15,274 as the District continues to implement various cost-saving measures during this time of economic downturn.

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 long-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.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District performed financially during 2011, 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 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.

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 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.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

The District as a Whole

Table 1 provides a summary of the District's net assets for 2011 compared to 2010 on a cash basis:

**Table 1
Net Assets – Cash Basis**

	2011	2010
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 1,564,443	\$ 1,308,859
<i>Total Assets</i>	<u>\$ 1,564,443</u>	<u>\$ 1,308,859</u>
Net Assets		
Restricted for:		
Women, Infants, & Children	\$ 38,798	99,878
Solid Waste	6,061	19,040
Construction and Demolition Debris	121,343	105,778
Sewage Treatment	83,120	77,965
Federal and State Funded Programs	89,670	-
Unrestricted	<u>1,225,451</u>	<u>1,006,198</u>
<i>Total Net Assets</i>	<u>\$ 1,564,443</u>	<u>\$ 1,308,859</u>
 INCREASE	 \$ 255,584	 \$ 614,169

As mentioned previously, net assets increased \$255,584, and are primarily associated with increased grant funds made available through the Breast and Cervical Cancer Project, Early Head Start, and the Komen for the Cure breast cancer grant.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

Table 2 reflects the changes in net assets in 2011 and 2010:

(Table 2)

Changes in Net Assets

	Total	
	2011	2010
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,437,942	\$1,684,429
Operating Grants and Contributions	2,205,339	2,318,294
Total Program Receipts	3,643,281	4,002,723
General Receipts:		
Grants and Entitlements Not Restricted to Specific Programs	1,367,418	1,389,645
Miscellaneous	13,196	5,386
Total General Receipts	1,380,614	1,395,031
Total Receipts	5,023,895	5,397,754
 Disbursements:		
Environmental Health	1,105,176	1,159,664
Solid Waste	74,979	100,533
Nursing	1,522,214	1,552,734
Women, Infants, & Children	582,037	566,001
Health Promotion and Planning	312,795	248,172
Administration	1,171,110	1,156,481
Total Disbursements	4,768,311	4,783,585
 Net Change in Fund Balance	255,584	614,169
 Net Assets, January 1	1,308,859	694,690
Net Assets, December 31	\$1,564,443	\$1,308,859

In 2011, 71% of the District's total receipts were from state, federal, non-profit, and private donations and awards, 29% were from charges for services, permits, and other fees, and less than 1% were from miscellaneous sources.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
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 (23%), WIC (12%), Nursing (32%) and Administration (25%). 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

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Administration	\$1,171,110	\$880,233	\$1,156,481	\$946,290
Environmental Health	1,105,176	203,152	1,159,664	49,124
Solid Waste	74,979	12,979	100,533	4,733
Nursing	1,522,214	297,907	1,552,734	396,773
Health Education	312,795	(330,121)	248,172	(539,103)
Women, Infant, & Children	582,037	61,080	566,001	(76,955)
Total Expenses	\$4,768,311	\$1,125,230	\$4,783,585	\$780,862

The District has tried to diversify its revenue sources and 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 \$5,023,895 and disbursements of \$4,768,311. The governmental funds had an increase in the cash balance of \$255,584.

The fund balance of the General Fund increased by \$219,177 to \$1,253,488 at year-end. The General Fund increase is partially attributed to the shifting of salaries and other expenses from the General Fund to the Special Revenue Funds. The Women, Infants, and Children's Fund balance decreased by \$61,080 to \$38,798.

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.

Actual receipts were \$159,162 greater than estimated receipts. Final appropriations were \$3,374,269 which was \$55,448 higher than original appropriations. Final expenditures of \$3,107,578 were \$266,691 less than final appropriations.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the 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, 2011**

	Governmental Activities
Assets	
Cash with Fiscal Agents	\$ 1,564,443
<i>Total Assets</i>	<u>\$ 1,564,443</u>
Net Assets	
Restricted for:	
Women, Infants, & Children	\$ 38,798
Solid Waste	6,061
Construction and Demolition Debris	121,343
Federal, State, and Local Funded Programs	97,977
Sewage Treatment	83,120
Unrestricted	<u>1,217,144</u>
<i>Total Net Assets</i>	<u>\$ 1,564,443</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, 2011**

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Administration	\$ 1,171,110	\$ 218,735	\$ 72,142	\$ (880,233)
Environmental Health	1,105,176	902,024	-	(203,152)
Solid Waste	74,979	-	62,000	(12,979)
Nursing	1,522,214	317,183	907,324	(297,707)
Health Promotion and Planning	312,795	-	642,916	330,121
Women, Infants, & Children	582,037	-	520,957	(61,080)
<i>Total Governmental Activities</i>	<u>\$ 4,768,311</u>	<u>\$ 1,437,942</u>	<u>\$ 2,205,339</u>	<u>\$ (1,125,030)</u>
General Receipts				
Grants and Entitlements not Restricted to Specific Programs				\$ 1,367,418
Miscellaneous				13,196
<i>Total General Receipts</i>				<u>1,380,614</u>
Change in Net Assets				255,584
<i>Net Assets Beginning of Year</i>				<u>1,308,859</u>
<i>Net Assets End of Year</i>				<u>\$ 1,564,443</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, 2011**

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash with Fiscal Agents	\$ 1,253,488	\$ 38,798	\$ 272,157	\$ 1,564,443
	<u>\$ 1,253,488</u>	<u>\$ 38,798</u>	<u>\$ 272,157</u>	<u>\$ 1,564,443</u>
Fund Balances				
Restricted	\$ 8,307	\$ 38,798	\$ 300,194	\$ 347,299
Committed	4,973	-	-	4,973
Assigned	7,236	-	-	7,236
Unassigned (deficit)	1,232,972	-	(28,037)	1,204,935
	<u>1,232,972</u>	<u>-</u>	<u>(28,037)</u>	<u>1,204,935</u>
<i>Total Fund Balances</i>	<u>\$ 1,253,488</u>	<u>\$ 38,798</u>	<u>\$ 272,157</u>	<u>\$ 1,564,443</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Women, Infants, and Children	Other Governmental Funds	Total Governmental Funds
Receipts				
Intergovernmental	\$ 2,048,216	\$ 520,957	\$ 1,003,584	\$ 3,572,757
Fines, Licenses and Permits	696,967	-	184,810	881,777
Charges for Services	556,165	-	-	556,165
Miscellaneous	13,196	-	-	13,196
<i>Total Receipts</i>	<u>3,314,544</u>	<u>520,957</u>	<u>1,188,394</u>	<u>5,023,895</u>
Disbursements				
Current:				
Environmental Health	941,085	-	164,091	1,105,176
Solid Waste	-	-	74,979	74,979
Nursing	1,100,683	-	421,531	1,522,214
WIC	-	582,037	-	582,037
Health Promotion and Planning	312,795	-	-	312,795
Administration	740,804	-	430,306	1,171,110
<i>Total Disbursements</i>	<u>3,095,367</u>	<u>582,037</u>	<u>1,090,907</u>	<u>4,768,311</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>219,177</u>	<u>(61,080)</u>	<u>97,487</u>	<u>255,584</u>
<i>Fund Balances Beginning of Year, restated</i>	<u>1,034,311</u>	<u>99,878</u>	<u>174,670</u>	<u>1,308,859</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,253,488</u>	<u>\$ 38,798</u>	<u>\$ 272,157</u>	<u>\$ 1,564,443</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, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 1,844,082	\$ 1,844,082	\$ 2,048,216	\$ 204,134
Fines, Licenses and Permits	731,550	731,550	696,967	(34,583)
Charges for Services	547,750	547,750	556,165	8,415
Miscellaneous	7,000	7,000	13,196	6,196
<i>Total Receipts</i>	<u>3,130,382</u>	<u>3,130,382</u>	<u>3,314,544</u>	<u>184,162</u>
Disbursements				
Current:				
Salaries	1,861,497	1,868,397	1,804,100	64,297
OPERS	346,509	272,009	243,801	28,208
Health Insurance	332,077	305,577	164,626	140,951
Medicare	21,291	21,291	19,724	1,567
Worker's Comp	42,000	34,628	33,940	688
Unemployment	20,000	20,872	20,706	166
Office-Supplies	62,278	85,713	77,735	7,978
Contract Services	133,739	179,077	169,689	9,388
Travel	14,077	6,856	4,533	2,323
Other Expenses	11,131	10,131	9,481	650
Board Expenses	9,600	8,800	8,800	-
Equipment	90,462	164,687	164,309	378
Medical Supplies	85,000	85,000	85,000	-
Professional Ed/Dues	15,568	46,000	43,568	2,432
State Remittance	170,000	162,572	162,394	178
H2O Samples	7,140	7,857	7,817	40
TB-Other	5,000	7,100	7,000	100
Mosquito Control Supplies	17,000	16,500	14,231	2,269
Refund	6,000	6,000	4,522	1,478
Grant Supplies	43,452	61,602	61,602	-
<i>Total Disbursements</i>	<u>3,293,821</u>	<u>3,370,669</u>	<u>3,107,578</u>	<u>263,091</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(163,439)</u>	<u>(240,287)</u>	<u>206,966</u>	<u>(78,929)</u>
Other Financing (Uses)				
Advances In	25,000	25,000	-	(25,000)
Advances Out	(25,000)	(3,600)	-	3,600
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>21,400</u>	<u>-</u>	<u>(21,400)</u>
<i>Net Change in Fund Balances</i>	<u>(163,439)</u>	<u>(218,887)</u>	<u>206,966</u>	<u>(100,329)</u>
Prior Year Encumbrances Appropriated	28,448	28,448	28,448	-
<i>Fund Balances Beginning of Year, restated</i>	<u>1,005,863</u>	<u>1,005,863</u>	<u>1,005,863</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 870,872</u>	<u>\$ 815,424</u>	<u>\$ 1,241,277</u>	<u>\$ (100,329)</u>

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WOMEN, INFANTS, AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 645,810	\$ 645,810	\$ 520,957	\$ (124,853)
<i>Total Receipts</i>	<u>645,810</u>	<u>645,810</u>	<u>520,957</u>	<u>(124,853)</u>
Disbursements				
Current:				
Salaries	355,000	385,000	375,918	9,082
OPERS	72,775	53,900	60,231	(6,331)
Health Insurance	-	145,000	113,920	31,080
Medicare	5,148	5,583	4,820	763
Worker's Comp	9,009	7,500	5,781	1,719
Supplies	1,825	1,168	8,390	(7,222)
Contract Services	1,800	3,000	12,397	(9,397)
Travel	6,400	5,000	1,220	3,780
Equipment	300	300	-	300
Professional Ed/Dues	1,200	1,200	1,372	(172)
<i>Total Disbursements</i>	<u>453,457</u>	<u>607,651</u>	<u>584,049</u>	<u>23,602</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>192,353</u>	<u>38,159</u>	<u>(63,092)</u>	<u>(148,455)</u>
Other Financing Sources				
Advances In	-	25,000	-	(25,000)
Advances Out	(25,000)	(25,000)	-	25,000
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	167,353	38,159	(63,092)	(148,455)
Prior Year Encumbrances Appropriated	31,311	31,311	31,311	-
<i>Fund Balances Beginning of Year</i>	<u>68,567</u>	<u>68,567</u>	<u>68,567</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 267,231</u>	<u>\$ 138,037</u>	<u>\$ 36,786</u>	<u>\$ (148,455)</u>

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Note 1 - Reporting Entity

The Licking County General Health District (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. An eleven-member Board of Health appointed by the District Advisory Council governs the District. The Board appoints a health commissioner and all employees of 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.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. The District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits, and emergency response planning.

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 financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organization for which the District authorizes the issuance of debt or the levying of taxes or determines the budget, if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District does not have any component units.

The District is associated with a related organization and an insurance purchasing pool. These organizations are the Public Health Partnership of Licking County and the Public Entities Pool of Ohio (PEP). These organizations are discussed in Notes 9 and 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 the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, 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
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements 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 taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The statement of net assets presents the cash balance, cash receipts, and cash disbursements of the governmental and business-type activities of the District at year end. The statement of activities compares disbursements and program receipts for each program or function of the District's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

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.

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

General The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Women, Infants and Children Special Revenue Fund This fund accounts for and reports federal grant monies restricted to the Women, Infants and Children program.

The other governmental funds of the District account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax 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 or increased assessment 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 Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the fund, department, and object level for all funds.

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board of Health during the year.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash and Investments

The Licking County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash, which is reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted assets at December 31, 2011.

Inventory and Prepaid Items

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

Capital Assets

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

Inter-fund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. There were no outstanding advances at December 31, 2011

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Net Assets

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 \$347,299 of restricted assets, of which none is restricted by enabling legislation.

Fund Balance

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

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

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

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

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

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

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

Interfund Transactions

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

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

Note 3 – Change in Accounting Principle

- A. Change in Accounting Principle - For 2011, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances.

- B. Restatement of fund Balance - The District previously reported certain grant monies as General Fund, as opposed to Special Revenue Funds, which resulted in the following effect on fund balances of the General fund and all other governmental funds, respectively, as previously reported:

	General	WIC	Other Governmental Funds	Total
Fund Balance at December 31, 2010	\$983,723	\$99,878	\$225,258	\$1,308,859
Fund Balance Reclassification	50,588	0	(50,588)	0
Adjusted Fund Balance at December 31, 2010	\$1,034,311	\$99,878	\$174,670	\$1,308,859

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is and each major special revenue fund is 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 are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$12,209 for the general fund and \$2,012 for major special revenue fund, Women, Infants, and Children.

Note 5 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local classifications. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local classifications may participate in all three plans. For 2011, member and employer contribution rates were consistent across all three plans.

The District's 2011 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2011, and 5 percent from March 1 through December 31, 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2011, and 4.23 percent from March 1 through December 31, 2011. Employer contribution rates are actuarially determined.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 5 - Defined Benefit Pension Plans (Continued)

Ohio Public Employees Retirement System (Continued)

The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$352,288, \$332,259, and \$283,653, respectively; 100 percent for 2011, 2010, and 2009. No contributions were made by the District to the Member Directed plan for 2011.

Note 6 - Postemployment Benefits

Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 6 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$109,862, \$148,587, and \$138,873, respectively; 100 percent for 2011, 2010, and 2009.

Note 7 – Fund Balances

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

Fund Balances	General Fund	WIC	Other Governmental Funds	Total
Restricted for				
Women, Infants and Children	0	38,798	0	38,798
Various Grants	8,307	0	300,194	308,501
<i>Total Restricted</i>	<u>8,307</u>	<u>38,798</u>	<u>300,194</u>	<u>347,299</u>
Committed to				
Encumbrances	4,973	0	0	4,973
<i>Total Committed</i>	<u>4,973</u>	<u>0</u>	<u>0</u>	<u>4,973</u>
Assigned to				
Encumbrances	7,236	0	0	7,236
<i>Total Assigned</i>	<u>7,236</u>	<u>0</u>	<u>0</u>	<u>7,236</u>
Unassigned (deficits):	1,232,972	0	(28,037)	1,204,935
<i>Total Fund Balances</i>	<u>\$1,253,488</u>	<u>\$38,798</u>	<u>\$272,157</u>	<u>\$1,564,443</u>

Note 8 – Contingent Liabilities

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 refunds would be immaterial.

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
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 9 – Public Entity Risk Pool

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the District's share of these unpaid claims collectible in future years is approximately \$21,000.

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.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

Note 9 – Public Entity Risk Pool (Continued)

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
\$22,523	\$21,336

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 10 – Related Organizations

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 and prevention of injury or disease and promote general health programs. This related organization is directed by a seven-member Board with the District's Health Commissioner serving as a member. The District has no financial responsibility for the operations of the related organization and did not contribute to its operations during 2011.

Note 11 – Compliance and Accountability

- A. Cash Deficit – The cash deficits of \$28,037 in the Help Me Grow Fund is caused by the timing of grant reimbursements verse related expenditures.
- B. Excess Expenditures over Appropriations – For the year ended December 31, 2011, expenditures exceeded appropriations by \$6,331, \$7,222, \$9,397, and \$172 at the object level (i.e. the legal level of budgetary control) in Women, Infant, and Children Fund for OPERS, Supplies, Contract Services, and Professional Education Dues, respectively. The excess expenditures were funded from available fund balance.

THIS PAGE INTENTIONALLY LEFT BLANK

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. Department of Agriculture			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	0451011WA0411	10.557	\$ 582,037
United States Department of the Environmental Protection Agency			
<i>Passed Through Ohio Department of Health</i>			
State Indoor Radon Grant	04510012IR0311/04510012IR0512	66.032	46,806
United States Department of Transportation			
<i>Passed-through Ohio Department of Public Safety</i>			
State and Community Highway Safety	SC-2011-45-00-00-00530-00 / SC-2012-45-00-00-00369-00	20.600	29,025
United States Department of Health and Human Services:			
<i>Passed-through Ohio Department of Health:</i>			
Maternal and Child Health Services Block Grant to the States	04510011MC0411/045100DS0411	93.994	104,884
Investigations and Technical Assistance - Tobacco Prevention	04510014TP0111/04510014TPO0112	93.283	88,583
Investigations and Technical Assistance - Breast & Cervical Cancer Project	04510014BC0211/04510014BC0312	93.283	144,424
Immunization Grants	04510012IM0411	93.268	54,195
Public Health Emergency Preparedness	04510012PH0211/04510012PH0312	93.069	288,985
Medical Reserve Corps Small Grant Program	NACCHO MRC 11 28	93.008	5,000
Total U.S. Department of Health and Human Services			<u>686,071</u>
Total			<u><u>\$ 1,343,939</u></u>

The accompanying notes are an integral part of this schedule.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' 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 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, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 17, 2012, wherein we noted the District adopted Government Accounting Standard 54. 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*.

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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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*.

District Board of Health
Licking County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, members of the Board, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

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

May 17, 2012



Dave Yost • Auditor of State

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

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

To the Members of the Board:

Compliance

We have audited the compliance of District Board of Health, Licking County, Ohio, (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 could directly and materially affect the District's major federal program for the year ended December 31, 2011. 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 federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 these 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 these requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

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 its federal program. 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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

www.ohioauditor.gov

District Board of Health
Licking County
Independent Accountants' Report on Compliance with Requirements
Application to the Major Federal Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133

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 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.

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 deficiencies, 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.

We intend this report solely for the information and use of management, members of the Board, others within the District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Dave Yost
Auditor of State

May 17, 2012

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.



Dave Yost • 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
JUNE 26, 2012**