



Dave Yost • Auditor of State



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY  
DECEMBER 31, 2017**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Health:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio (the District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio, as of December 31, 2017, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Women, Infants, and Children funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

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

***Other Matters***

*Supplemental Information*

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

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

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

*Other Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

September 25, 2018

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**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2017 – DECEMBER 31, 2017  
(UNAUDITED)**

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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, 2017, within the limitations of the District's cash basis of accounting. The intent of this Management's Discussion and Analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for the year ended December 31, 2017 are as follows:

- The total net position of the District increased \$576,852 or 15% from 2016.
- General cash receipts accounted for \$1,449,743 or 24% of total governmental activities cash receipts. Program specific cash receipts accounted for \$4,550,417 or 76% of total governmental activities cash receipts.
- The District had \$5,423,308 in expenses related to governmental activities; \$4,550,417 of these expenses was offset by program specific charges for services and sales, operating grants and contributions.
- The general fund had cash receipts of \$3,387,045 in 2017 representing a decrease of \$378,203. The cash disbursements of the general fund, which totaled \$2,842,356 in 2017, represents a decrease of \$793,916 from 2016. The net increase in fund balance for the general fund was \$544,689 or 18%.
- The women, infants & children fund had cash receipts of \$706,772 representing a decrease of \$17,087 from 2016. Cash disbursements increased \$19,590 from 2016. The net increase in fund balance was \$10,412 or 12%.
- In the general fund, the actual cash receipts were \$69,283 higher than the final budget. Actual cash disbursements were \$201,995 less than the amount in the final budget. These variances are the result of the District's conservative budgeting.

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2017 – DECEMBER 31, 2017  
(UNAUDITED)

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

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

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on a cash basis of accounting. Under the District's cash basis of accounting, cash receipts and cash disbursements are recorded when cash is received or paid.

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

***Reporting the District as a Whole***

The statement of net position and the statement of activities reflect how the District performed financially during 2017, within the limitations of the cash basis of accounting. The Statement of Net Position – Cash Basis presents the cash balances of the governmental activities of the District at year end. The Statement of Activities – Cash Basis compares cash disbursements with program cash receipts for each governmental activity. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all cash receipts not classified as program cash receipts. The comparison of cash disbursements with program cash receipts identifies how each governmental function draws from the District's general cash receipts.

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

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the District's major programs are reported. Charges for services and state and federal grants finance most of these activities. To a significant extent, benefits provided through the governmental activities are being paid for by the people receiving them.

**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.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2017 – DECEMBER 31, 2017  
(UNAUDITED)

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 Funds. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The District as a Whole**

The following table provides a summary of the District's net position for 2017 and 2016 as follows:

	Net Position	
	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash with Fiscal Agent	\$ 4,488,796	\$ 3,911,944
Total Assets	<u>\$ 4,488,796</u>	<u>\$ 3,911,944</u>
<u>Net Position</u>		
Restricted for:		
Women, Infants & Children	\$ 94,163	\$ 83,751
Construction and Demolition Debris	287,175	316,775
Federal, State and Locally Funded Programs	333,338	336,648
Sewage Treatment	353,760	300,044
Other Purposes	7,677	0
Unrestricted	3,412,683	2,874,726
Total Net Position	<u>\$ 4,488,796</u>	<u>\$ 3,911,944</u>

As mentioned previously, the net position increased \$576,852 and is primarily associated with an increase in cash receipts with continued total receipts outpacing total disbursements year over year.

The following table reflects the changes in net position in 2017 and 2016:

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2017 – DECEMBER 31, 2017  
(UNAUDITED)

	Change in Net Position Governmental Activities	
	2017	2016
Cash Receipts:		
Program Cash Receipts:		
Charges for Services and Sales	\$ 1,852,339	\$ 1,743,704
Operating Grants and Contributions	2,698,078	1,926,103
General Cash Receipts:		
Unrestricted Grants and Entitlements	1,383,636	1,400,298
Other	66,107	21,553
Total Cash Receipts	6,000,160	5,091,658
Cash Disbursements:		
Administration	1,492,688	1,675,951
Environmental Health	1,308,940	881,000
Solid Waste	40,016	53,266
Nursing	1,451,097	1,374,536
Health Promotion & Planning	434,207	382,343
Women, Infants & Children	696,360	651,770
Total Cash Disbursements	5,423,308	5,018,866
Change in Net Position	576,852	72,792
Net Position at Beginning of Year	3,911,944	3,839,152
Net Position at End of Year	\$ 4,488,796	\$ 3,911,944

In 2017, 68% of the District's total cash receipts were from state, federal, non-profit, and private donations and awards, 31% were from charges for services, permits, and other fees, and 1% was from other sources.

**Governmental Activities**

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program cash disbursements for governmental activities are for Environmental Health (24%), Administration (28%), Nursing (27%) and Women, Infants and Children (13%). The table below compares the program cash receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general cash receipts which are presented at the bottom of the statement.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2017 – DECEMBER 31, 2017  
(UNAUDITED)**

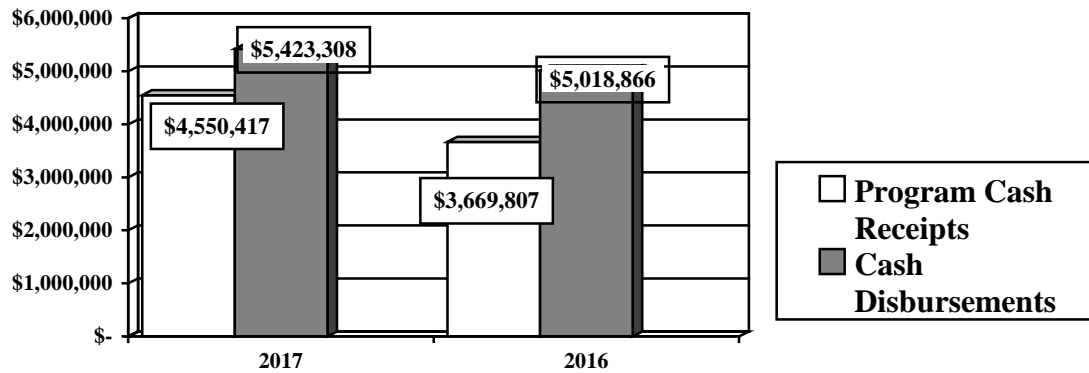
**Governmental Activities**

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program Cash Disbursements:				
Administration	\$ 1,492,688	\$ (1,214,729)	\$ 1,675,951	\$ 1,398,946
Environmental Health	1,308,940	176,822	881,000	(198,848)
Solid Waste	40,016	0	53,266	13,140
Nursing	1,451,097	(57,452)	1,374,536	328,542
Health Promotion & Planning Women, Infants & Children	434,207	215,685	382,343	(210,632)
	<u>696,360</u>	<u>6,783</u>	<u>651,770</u>	<u>17,911</u>
<b>Total Cash Disbursements</b>	<b><u>\$ 5,423,308</u></b>	<b><u>\$ (872,891)</u></b>	<b><u>\$ 5,018,866</u></b>	<b><u>\$ 1,349,059</u></b>

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

The graph below shows governmental-activities program cash receipts and total cash disbursements for years 2017 and 2016.

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

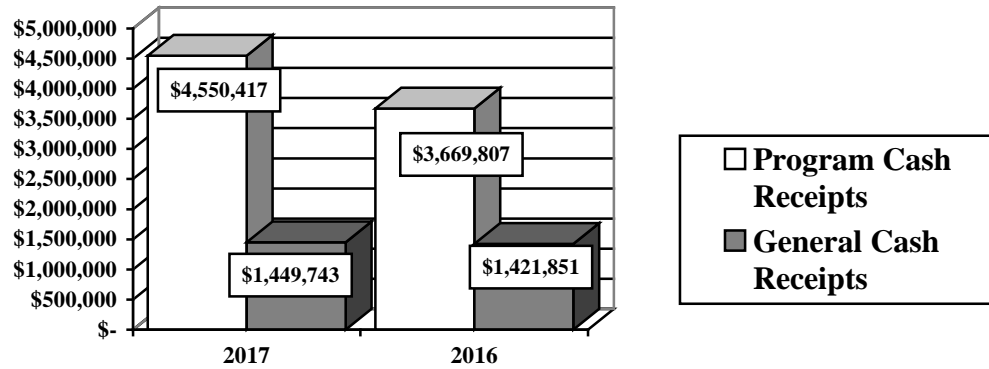


**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT’S DISCUSSION AND ANALYSIS  
JANUARY 1, 2017 – DECEMBER 31, 2017  
(UNAUDITED)

The graph below shows governmental-activities general and program cash receipts for years 2017 and 2016.

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



General cash receipts increased slightly as payments from local governments remained consistent with 2016.

**Financial Analysis of the District’s Funds**

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

***Governmental Funds***

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District’s net resources available for spending at year-end. The District’s governmental funds reported a combined fund balance of \$4,488,796 which is \$576,852 higher than the 2016 total of \$3,911,944. The schedule below indicates the fund balances and the total change in fund balances for all major and other governmental funds.

	Fund Balances <u>12/31/2017</u>	Fund Balances <u>12/31/2016</u>	<u>Increase</u>
Major Funds:			
General	\$ 3,578,200	\$ 3,033,511	\$ 544,689
Women, Infants, and Children	94,163	83,751	10,412
Other Governmental Funds	<u>816,433</u>	<u>794,682</u>	<u>21,751</u>
Total	<u><u>\$ 4,488,796</u></u>	<u><u>\$ 3,911,944</u></u>	<u><u>\$ 576,852</u></u>

The total net position of the District increased \$576,852 or 15% from 2016.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2017 – DECEMBER 31, 2017  
(UNAUDITED)

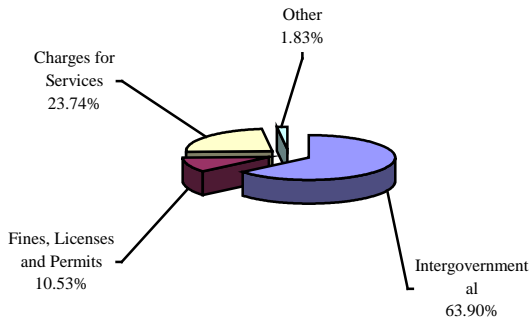
**General Fund**

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

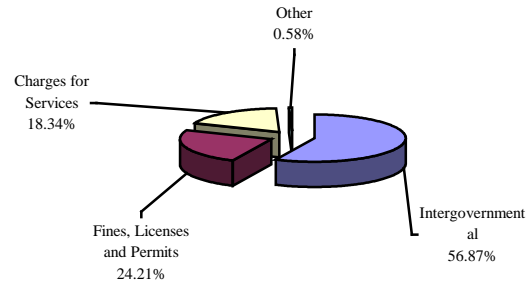
	2017 <u>Amount</u>	2016 <u>Amount</u>	Percentage <u>Change</u>
Cash Receipts:			
Intergovernmental	\$ 2,164,348	\$ 2,127,265	1.74 %
Fines, Licenses and Permits	356,742	905,336	(60.60) %
Charges for Services	804,052	686,094	17.19 %
Other	61,903	21,553	187.21 %
<b>Total</b>	<b>\$ 3,387,045</b>	<b>\$ 3,740,248</b>	<b>(9.44) %</b>

Fines, licenses and permits decreased based on the District establishing various funds to account for receipts previously reported in the General Fund. The graphs below show a breakdown of the general fund's cash receipts for 2017 and 2016:

**Cash Receipts – 2017**



**Cash Receipts - 2016**



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

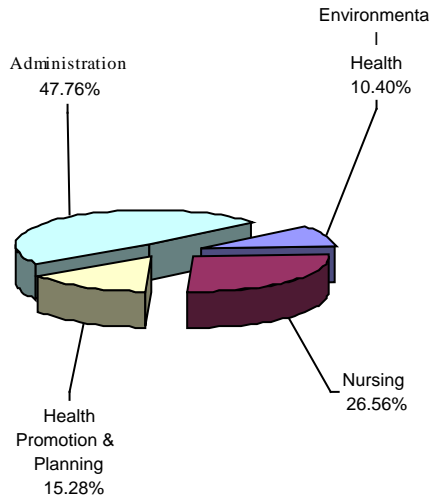
**MANAGEMENT’S DISCUSSION AND ANALYSIS  
JANUARY 1, 2017 – DECEMBER 31, 2017  
(UNAUDITED)**

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

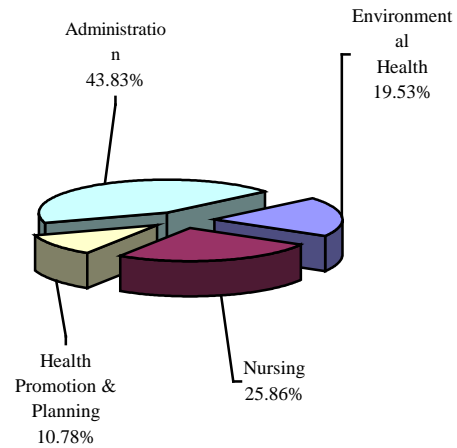
	2017 Amount	2016 Amount	Percentage Change
<b>Cash Disbursements:</b>			
Environmental Health	\$ 295,705	\$ 692,692	(57.31) %
Nursing	754,979	916,891	(17.66) %
Health Promotion and Planning	434,207	382,343	13.56 %
Administration	1,357,465	1,554,346	(12.67) %
<b>Total</b>	<b>\$ 2,842,356</b>	<b>\$ 3,546,272</b>	<b>(19.85) %</b>

Disbursements decreased 19.85% from 2016 which is primarily attributed to reporting environmental health disbursements in new other governmental funds. The graphs below show the general fund’s cash disbursements for 2017 and 2016:

**Cash Disbursements - 2017**



**Cash Disbursements - 2016**



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

The women, infants & children fund had cash receipts of \$706,772 representing a decrease of \$17,087 from 2016. Cash disbursements increased \$19,590 from 2016. The net increase in fund balance was \$10,412 or 12%.

***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. In the general fund, the actual cash receipts were \$69,283 higher than the final budget. Actual cash disbursements and other financing uses were \$201,995 less than the amount in the final budget. These variances are the result of the District’s conservative budgeting.



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
JANUARY 1, 2017 – DECEMBER 31, 2017  
(UNAUDITED)**

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**Capital Assets and Debt Administration**

The District does not report capital assets based on the cash basis of accounting. The District does not have outstanding debt at December 31, 2017.

**Contacting the District's Financial Management**

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

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**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2017

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash with Fiscal Agent	<u>\$4,488,796</u>
<i>Total Assets</i>	<u><u>\$4,488,796</u></u>
<b>Net Position:</b>	
Restricted for:	
Women, Infants, & Children	\$94,163
Construction and Demolition Debris	287,175
Federal, State, and Local Funded Programs	333,338
Sewage Treatment	353,760
Other Purposes	7,677
Unrestricted	<u>3,412,683</u>
<i>Total Net Position</i>	<u><u>\$4,488,796</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Position
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	
<b>Governmental Activities:</b>				
Administration	\$1,492,688	\$277,959	\$0	(\$1,214,729)
Environmental Health	1,308,940	1,045,424	440,338	176,822
Solid Waste	40,016	0	40,016	0
Nursing	1,451,097	528,956	864,689	(57,452)
Health Promotion & Planning	434,207	0	649,892	215,685
Women, Infants, & Children	696,360	0	703,143	6,783
<i>Total Governmental Activities</i>	\$5,423,308	\$1,852,339	\$2,698,078	(872,891)
<b>General Cash Receipts:</b>				
Grants and Entitlements not Restricted to Specific Programs				1,383,636
Other				66,107
<i>Total General Cash Receipts</i>				1,449,743
Change in Net Position				576,852
<i>Net Position Beginning of Year</i>				3,911,944
<i>Net Position End of Year</i>				\$4,488,796

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, 2017

	<u>General</u>	<u>Women, Infants, and Children</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash with Fiscal Agent	\$3,578,200	\$94,163	\$816,433	\$4,488,796
<i>Total Assets</i>	<u>\$3,578,200</u>	<u>\$94,163</u>	<u>\$816,433</u>	<u>\$4,488,796</u>
<b>Fund Balances:</b>				
Restricted:				
Women, Infants, and Children	\$0	\$94,163	\$0	\$94,163
Environmental Health	0	0	0	-
Construction & Demolition Debris	0	0	287,175	287,175
Sewage Treatment	0	0	353,760	353,760
Various Grants	17,932	0	315,406	333,338
Committed:				
Environmental Health	279,388	0	7,677	287,065
Future Obligations	8,455	0	0	8,455
Assigned:				
Future Obligations	134,470	0	0	134,470
Unassigned (Deficits)	3,137,955	0	(147,585)	2,990,370
<i>Total Fund Balances</i>	<u>\$3,578,200</u>	<u>\$94,163</u>	<u>\$816,433</u>	<u>\$4,488,796</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, 2017

	General	Women, Infants, and Children	Other Governmental Funds	Total Governmental Funds
<b>Cash Receipts:</b>				
Intergovernmental	\$2,164,348	\$703,143	\$1,234,353	\$4,101,844
Fines, Licenses and Permits	356,742	0	671,415	1,028,157
Charges for Services	804,052	0	0	804,052
Other	61,903	3,629	575	66,107
<i>Total Cash Receipts</i>	<u>3,387,045</u>	<u>706,772</u>	<u>1,906,343</u>	<u>6,000,160</u>
<b>Cash Disbursements:</b>				
Environmental Health	295,705	0	1,013,235	1,308,940
Solid Waste	0	0	40,016	40,016
Nursing	754,979	0	696,118	1,451,097
WIC	0	696,360	0	696,360
Health Promotion and Planning Administration	434,207	0	0	434,207
	<u>1,357,465</u>	<u>0</u>	<u>135,223</u>	<u>1,492,688</u>
<i>Total Cash Disbursements</i>	<u>2,842,356</u>	<u>696,360</u>	<u>1,884,592</u>	<u>5,423,308</u>
<i>Net Change in Fund Balances</i>	544,689	10,412	21,751	576,852
<i>Fund Balances Beginning of Year</i>	<u>3,033,511</u>	<u>83,751</u>	<u>794,682</u>	<u>3,911,944</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,578,200</u></u>	<u><u>\$94,163</u></u>	<u><u>\$816,433</u></u>	<u><u>\$4,488,796</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

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

**GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Cash Receipts:</b>				
Intergovernmental	\$2,076,951	\$2,229,317	\$2,164,348	(\$64,969)
Fines, Licenses and Permits	297,000	334,028	356,742	22,714
Charges for Services	671,000	686,000	804,052	118,052
Other	50,000	68,417	61,903	(6,514)
<i>Total Cash Receipts</i>	<u>3,094,951</u>	<u>3,317,762</u>	<u>3,387,045</u>	<u>69,283</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	1,468,907	1,515,907	1,409,099	106,808
OPERS	211,703	227,703	206,198	21,505
Health Insurance	263,248	263,248	221,978	41,270
Medicare	21,735	21,735	20,287	1,448
Worker's Compensation	24,237	24,237	19,706	4,531
Office Supplies	79,679	106,156	105,545	611
Contract Services	229,302	219,775	214,177	5,598
Travel	5,728	11,728	10,184	1,544
Other Expenses	11,750	11,242	11,242	0
Utilities	48,000	50,462	50,462	0
Board Expenses	9,600	8,400	8,240	160
Equipment	129,157	140,357	139,808	549
Medical Supplies	140,000	205,300	198,551	6,749
Professional Education & Dues	22,907	26,641	22,757	3,884
State Reimbursement - Water Samples	143,333	159,576	159,576	0
Laboratory	341	553	212	341
Tuberculosis-Other	5,000	3,500	3,173	327
Mosquito Control Supplies	18,000	20,983	17,007	3,976
Refund	5,461	5,461	3,621	1,840
Grant Supplies	70,000	81,126	80,569	557
Grant Contract Services	55,133	84,619	84,322	297
<i>Total Cash Disbursements</i>	<u>2,963,221</u>	<u>3,188,709</u>	<u>2,986,714</u>	<u>201,995</u>
<i>Net Change in Fund Balance</i>	131,730	129,053	400,331	271,278
Prior Year Encumbrances Appropriated	46,272	46,272	46,272	0
<i>Fund Balance Beginning of Year</i>	<u>2,987,239</u>	<u>2,987,239</u>	<u>2,987,239</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,165,241</u>	<u>\$3,162,564</u>	<u>\$3,433,842</u>	<u>\$271,278</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN  
FUND BALANCE-BUDGET AND ACTUAL - (BUDGETARY BASIS)  
**WOMEN, INFANTS AND CHILDREN FUND**  
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>Cash Receipts:</b>				
Intergovernmental	\$675,900	\$675,900	\$703,143	\$27,243
Other	0	0	3,629	3,629
<i>Total Cash Receipts</i>	<u>675,900</u>	<u>675,900</u>	<u>706,772</u>	<u>30,872</u>
<b>Cash Disbursements:</b>				
Current:				
Salaries	413,290	412,740	412,732	8
OPERS	57,861	57,361	57,076	285
Health Insurance	133,762	152,024	152,024	0
Medicare	5,993	5,653	5,644	9
Worker's Compensation	5,500	4,626	4,626	0
Supplies	17,000	14,782	13,649	1,133
Contract Services	43,438	43,069	43,068	1
Travel	1,800	4,249	4,249	0
Other	0	3,629	3,629	0
Professional Education & Dues	500	584	583	1
<i>Total Cash Disbursements</i>	<u>679,144</u>	<u>698,717</u>	<u>697,280</u>	<u>1,437</u>
<i>Net Change in Fund Balance</i>	(3,244)	(22,817)	9,492	32,309
Prior Year Encumbrances Appropriated	1,889	1,889	1,889	0
<i>Fund Balance Beginning of Year</i>	<u>81,862</u>	<u>81,862</u>	<u>81,862</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$80,507</u>	<u>\$60,934</u>	<u>\$93,243</u>	<u>\$32,309</u>

See accompanying notes to the basic financial statements



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

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**Note 1 – Reporting Entity**

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

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

**A. Primary Government**

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

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the District is obligated for the debt of the organization. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District. The District does not have any component units.

The District is associated with a related organization and an insurance purchasing pool. These organizations are the Public Health Partnership of Licking County and the Public Entities Pool of Ohio (PEP). These organizations are discussed in Notes 8 and 6 to the basic financial statements.

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The following are the more significant of the District's accounting policies.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis display information about the District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through intergovernmental cash receipts or other nonexchange transactions, charges for services, and fines, licenses, and permits. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The Statement of Activities – Cash Basis presents the cash balance, cash receipts and cash disbursements of the governmental activities of the District at year end. The Statement of Activities – Cash Basis compares cash disbursements and program cash receipts for each program or function of the District's governmental activities. Cash disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible.

Program cash receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular program.

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

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

**Governmental Funds**

Governmental funds are those through which most governmental functions of the District are financed. The following are the District's major governmental funds:

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

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

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

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The budget demonstrates a need for existing or increased assessments to political subdivisions. The County Budget Commission reviews and amends or approves the District's budget in December of the preceding year. The certificate of estimated resources establishes a limit on the amount the District may appropriate. The appropriations resolution is the District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the District. The legal level of control has been established by the District at the fund, department, and object level.

Ohio Revised Code Section 3709.28 establishes budgetary 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.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

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

The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the District may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation.

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by 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, 2017.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

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

**I. Interfund Receivables/Payables**

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

**J. Accumulated Leave**

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

**K. Pensions**

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

**L. Long-Term Obligations**

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

**M. Net Position**

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The government-wide statement of net position reports \$1,076,113 as restricted, of which none is restricted by enabling legislation.

**N. Fund Balance**

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

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

---

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

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

**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 2017.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

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**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 that are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for the General Fund and the Women, Infants and Children Fund at December 31, 2017 amounted to \$144,358 and \$920, respectively.

**Note 4 – Defined Benefit Pension Plans**

***Net Pension Liability/(Asset)***

The District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68” were effective. Based on the District’s cash basis of reporting, these GASB pronouncements have no effect on net position as the net pension liability/(asset) is not reported in the accompanying financial statements. The net pension liability/(asset) has been disclosed below.

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

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others.

While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

**Note 4 – Defined Benefit Pension Plans** (Continued)

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

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information):

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

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

**Note 4 – Defined Benefit Pension Plans** (Continued)

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

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

	State and Local
<b>2017 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2017 Actual Contribution Rates</b>	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
Employee	10.0 %

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

The District's contractually required contribution was \$374,288 for year 2017.

***Net Pension Liability/Asset***

The net pension asset and net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset and net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

**Note 4 – Defined Benefit Pension Plans** (Continued)

	OPERS
<b>Traditional Plan</b>	
Proportion of the net pension liability prior measurement date	0.01815900%
Proportion of the net pension liability current measurement date	<u>0.01858600%</u>
Change in proportionate share	<u>0.00042700%</u>
<b>Combined Plan</b>	
Proportion of the net pension asset prior measurement date	0.01587000%
Proportion of the net pension asset current measurement date	<u>0.01854520%</u>
Change in proportionate share	<u>0.00267520%</u>
<b>Member Directed Plan</b>	
Proportion of the net pension asset prior measurement date	0.00487800%
Proportion of the net pension asset current measurement date	<u>0.01491000%</u>
Change in proportionate share	<u>0.01003200%</u>
Proportionate share of the net pension liability - Traditional Plan	\$ 4,220,565
Proportionate share of the net pension asset - Combined Plan	(10,322)
Proportionate share of the net pension asset - Member Directed Plan	(62)

***Actuarial Assumptions - OPERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

**Note 4 – Defined Benefit Pension Plans** (Continued)

The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% to 7.5%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience results, are presented as follows:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	3 percent simple through 2018, then 2.15% simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the described tables.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation 2016</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	<u>100.00 %</u>	<u>5.66 %</u>

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

**Note 4 – Defined Benefit Pension Plans** (Continued)

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

**Discount Rate** The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the District’s Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate** The following table presents the net pension liability or asset calculated using the discount rate of 7.5%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension (asset) liability:			
Traditional Plan	\$ 6,447,855	\$ 4,220,565	\$ 2,364,511
Combined Plan	742	(10,322)	(18,916)
Member Directed Plan	149	(62)	(149)

**Note 5 – Post Employee Benefits**

**Ohio Public Employees Retirement System**

Plan Description – The 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.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

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**Note 5 – Post Employee Benefits** (Continued)

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the District's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$26,200, \$48,924, and \$46,795, respectively. The full amount has been contributed for all three years.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

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**Note 6 - Risk Management**

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

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

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

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

**Financial Position**

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017:

	<b><u>2017</u></b>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government’s share of these unpaid claims collectible in future years is approximately \$19,561.

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  
JANUARY 1, 2017 – DECEMBER 31, 2017

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**Note 6 - Risk Management** (Continued)

<b><u>Contributions to PEP</u></b>
<b><u>2017</u></b>
\$31,049

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 7 – 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, 2017.

**B. Litigation**

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

**Note 8 – Related Organization**

The District is associated with the Public Health Partnership of Licking County, a not-for profit Section 501(C)(3) created under the Internal Revenue Code to provide charitable activities and financial support to the District's employees and programs and to care for the sick, elderly, injured, and disabled and to further the treatment of prevention of injury or disease and promote general health programs. This related organization is directed by a nine-member Board with the District's Health Commissioner serving as a member. The Board has no financial responsibility for the operations of the related organization and did not contribute to its operations during 2017.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
JANUARY 1, 2017 – DECEMBER 31, 2017

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**Note 9 – Other Commitments**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 144,358
Women, Infants & Children	920
Other Governmental	925
Total	<u>\$ 146,203</u>

**Note 10 – Accountability – Deficit Fund Balances**

Fund balances at December 31, 2017 included the following deficits:

<u>Other Governmental Funds</u>	<u>Deficit Fund Balances</u>
Breast and Cervical Cancer Program Fund (BCCP)	\$ 88,839
Help Me Grow Fund (HMG)	6,535
Public Health Interest Group Fund (PHIG)	52,211
Total	<u>\$ 147,585</u>



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SUPPLEMENTARY INFORMATION**

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

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FOUR YEARS**

	2016	2015	2014	2013
District's Proportion of the Net Pension Liability - Traditional Plan	0.018586%	0.018159%	0.017809%	0.017809%
District's Proportion of the Net Pension Asset - Combined Plan	0.0185452%	0.015870%	0.016222%	0.016222%
District's Proportion of the Net Pension Asset - Member Directed Plan	0.014910%	0.004878%	NA	NA
District's Proportionate Share of the Net Pension Liability - Traditional Plan	\$ 4,220,565	\$ 3,145,368	\$ 2,147,964	\$ 2,099,449
District's Proportionate Share of the Net Pension Asset - Combined Plan	\$ (10,322)	\$ (7,723)	\$ (6,246)	\$ (1,702)
District's Proportionate Share of the Net Pension Asset - Member Directed Plan	\$ (62)	\$ (19)	NA	NA
District's Covered-Employee Payroll	\$ 2,552,250	\$ 2,340,664	\$ 2,252,757	\$ 2,280,771
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	164.96%	134.05%	95.07%	91.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)				
Traditional Plan	77.25%	81.08%	86.45%	N/A
Combined Plan	116.55%	116.90%	114.83%	N/A
Member Directed Plan	103.40%	103.91%	N/A	N/A

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST TEN YEARS**

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	2017	2016	2015	2014
Contractually Required Contribution	\$ 374,288	\$ 357,315	\$ 327,693	\$ 315,386
Contributions in Relation to the Contractually Required Contribution	(374,288)	(357,315)	(327,693)	(315,386)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$ 2,673,486	\$ 2,552,250	\$ 2,340,664	\$ 2,252,757
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%

2013	2012	2011	2010	2009	2008
\$ 319,308	\$ 355,713	\$ 352,288	\$ 332,259	\$ 283,653	\$ 261,866
(319,308)	(355,713)	(352,288)	(332,259)	(283,653)	(261,866)
\$0	\$0	\$0	\$0	\$0	\$0
\$ 2,280,771	\$ 2,540,807	\$ 2,516,343	\$ 2,373,279	\$ 2,026,093	\$ 1,870,471
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	04510011WA1017/04510011WA1118	\$96,360
Total U.S.Department of Agriculture			<u>696,360</u>
<b>U.S. DEPARTMENT OF THE ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Passed Through Ohio Department of Health</i>			
State Indoor Radon Grants	66.032	04510012IR1017/04510012IR1118	60,000
Total U.S.Department of the Environmental Protection Agency			<u>60,000</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Passed Through Ohio Department of Public Safety</i>			
Highway Safety Cluster			
State and Community Highway Safety	20.600	SC-2016-45-00-00-00409-00 SC-2017-45-00-00-00462-00	46,961
Total Highway Safety Cluster			<u>46,961</u>
Total U.S.Department of Transportation			<u>46,961</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Health</i>			
Maternal and Child Health Services Block Grant to the States	93.994	04510011MP0117/04510011MP0218	22,964
Maternal and Child Health Services Block Grant to the States - Dental Sealant	93.994	04510011DS1017	30,096
Injury Prevention and Control Research and State and Community Based Programs	93.136	04510014OD0117	81,290
Immunization Cooperative Agreements	93.268	04510012IM0916	9,271
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)			
Aligned Cooperative Agreements	93.074	04510012PH0817/04510012PH0918	135,223
Medical Reserve Corps Small Grant Program	93.008	5HITEP150032-02-00	9,538
Preventative Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	93.758	04510014CC0417	95,000
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	04510014BC0817	216,790
Cancer Prevention and Control Programs for State, Territorial, and Tribal Organizations	93.898	04510014BC0918	176,612
Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753	6NUE1EH001277-03-01	10,000
PPHF Capacity Building Assistance to Strengthen Public Health Immunization			
Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	04510012IM1017	8,492
<i>Passed Through City of Columbus Department of Health</i>			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)			
Aligned Cooperative Agreements - City Readiness Initiative	93.074	0250012PH0817	4,275
Total U.S. Department of Health and Human Services			<u>799,551</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,602,872</u>

The accompanying notes are an integral part of this schedule.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District Board of Health, Licking County, Ohio (the District's) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

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

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



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 25, 2018, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as Finding 2017-002.

***District's Response to Finding***

The District's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not subject the District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



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

September 25, 2018





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Health:

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

We have audited the District Board of Health's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on the Major Federal Program***

In our opinion, the District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2017.

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

[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Report on Internal Control Over Compliance***

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



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

September 25, 2018

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2017**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) – CFDA #10.557
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	No

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2017  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2017-001**

**Financial Statement Presentation – Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound financial reporting is the responsibility of the District Board of Health and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the District Board of Health's financial statements.

The Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Balance-Budget and Actual - (Budgetary Basis) for the General Fund had overstated original and final budgeted receipts in the amount of \$247,323.

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$7,677 to \$20,130 that we have brought to the District's attention.

Improper recording of budgeted receipts and disbursements and miscalculations can lead to misstatements in the financial statements as well as make it difficult to effectively monitor the District Board of Health's activities or identify misstatements in a timely manner.

We recommend the District Board of Health take steps to ensure the accurate posting of all transactions to the financial statements.

The adjustments have been made and are presented in the financial statements.

**Officials' Response:** See Corrective Action Plan.

**FINDING NUMBER 2017-002**

**Accounting for Restricted Fees – Noncompliance/Material Weakness**

**Ohio Rev. Code § 3729.07** states, in part, the licensor of a recreational vehicle park, recreation camp, or combined park-camp may charge a fee for an annual license to operate such a park, camp, or park-camp. The portion of any fee retained by the board of health shall be paid into a special fund and used only for the purpose of administering and enforcing this chapter and rules adopted under it.

**Ohio Rev. Code § 3749.04** states, in part, no person shall operate or maintain a public swimming pool, public spa, or special use pool without a license issued by the licensor having jurisdiction. All license fees collected by a licensor shall be deposited into a swimming pool fund, which is hereby created in each health district. The fees shall be used by the licensor solely for the purpose of administering and enforcing this chapter and the rules adopted under this chapter.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2017  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2017-002 (Continued)**

**Accounting for Restricted Fees – Noncompliance/Material Weakness (Continued)**

**Ohio Rev. Code §§ 3717.25(A) and 3717.45(A)** state, in part, a licenser may charge fees for issuing and renewing retail food establishment and operation licenses. Any licensing fee charged shall be used solely for the administration and enforcement of the provisions of this chapter and the rules adopted under it applicable to retail food establishments.

**Ohio Rev. Code § 3701.344(B)(1)** states, in part, boards of health of city or general health districts shall be given the exclusive power to establish fees in accordance with section 3709.09 of the Revised Code for administering and enforcing the rules. Further, **Ohio Administrative Code § 3701-28-06(B)** states, in part, the fees for private water systems paid to a board of health of a health district under this chapter shall be paid to the treasurer and deposited in a special account for the health district to pay the cost of administering and enforcing this chapter as provided in sections 3701.344 and 3701.347 of the Revised Code. All fees paid to the director under this chapter shall be used by the director to pay the cost of administering and enforcing this chapter as provided in sections 3701.344 and 3701.347 of the Revised Code.

**Ohio Rev. Code § 3730.03** states, in part, a person seeking approval to operate a business that offers tattooing or body piercing services shall apply to the board of health of the city or general health district in which the business is located on forms the board shall prescribe and provide. The boards of health shall deposit all fees collected under this section into the health fund of the district that the board serves. The fees shall be used solely for the purposes of implementing and enforcing this chapter.

The District did not establish separate funds to account for the restricted fees related to Private Water Systems, Food Services, Swimming Pools, Campgrounds, or Tattoos. Private Water fees in the amount of \$106,297, Food Service fees in the amount of \$337,721, Pool fees in the amount of \$26,881, Campground fees in the amount of \$10,367, and Tattoo fees in the amount of \$4,550 along with the related expenditures were posted to the Environmental Health fund.

The District has created these funds and adjusted their financial statements and accounting records accordingly.

Failure to properly track these receipts and expenditures separately could lead to unallowable receipts and expenditures from these restricted funds.

We recommend the District maintain separate funds and create additional special revenue funds for any new fees as may be required by Ohio Revised Code or Ohio Administrative Code.

**Officials' Response:** See Corrective Action Plan.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None.

R. Joseph Ebel, R.S., M.S., M.B.A.  
Health Commissioner



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## Licking County Health Department

675 Price Road

Newark, OH 43055

### **CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) DECEMBER 31, 2017**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2017-001	The financial statements will be monitored to ensure the accurate posting of all transactions to the financial statements.	September 2018	Barbara Lanthorn
2017-002	Separate funds will be established to account for the programs related to Private Water, Food Services, Swimming Pools, Campgrounds and Tattoos.	September – December 2018	Barbara Lanthorn



# Dave Yost • Auditor of State

LICKING COUNTY DISTRICT BOARD OF HEALTH

LICKING COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 9, 2018