

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2005**





**Auditor of State  
Betty Montgomery**

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

We have reviewed the *Independent Auditors Report* of the Licking County District Board of Health, prepared by Wilson, Shannon & Snow, Inc. for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

November 27, 2006

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**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

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

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of District Board of Health, Licking County, Ohio (the District) as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparisons of the General and Women, Infants, and Children's Funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

District Board of Health  
Licking County  
Independent Auditors' Report

For the year ended December 31, 2005, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In addition, as discussed in Note 4, the District adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosure*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2006 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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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



September 1, 2006

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(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, 2005, 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 2005 are as follows:

- Net assets increased \$74,600 which represents a 33% increase from 2004.
- New revenue streams included Construction and Demolition Debris fees, Breast Cancer Grant, and the Child and Family Health Services Grant.
- The District is currently negotiating for a possible merger with the Newark City Health District. If successful, this will significantly expand staffing and budgets.
- The District's major governmental funds are the General and Women, Infants, and Children's Funds. The General Fund had \$1,701,141 in cash receipts and \$1,681,509 in cash disbursements. The fund balance of the General Fund increased \$43,317 to \$218,662.
- The Women, Infants, and Children's Fund had \$415,871 in cash receipts and \$380,904 in cash disbursements. The fund balance of the Women, Infants, and Children's Fund increased \$11,282 to \$51,294.

**Using the Basic Financial Statements**

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

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

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

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



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(UNAUDITED)**

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**Basis of Accounting**

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

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

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

The statement of net assets and the statement of activities reflect how the District performed financially during 2005, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the District at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(UNAUDITED)**

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**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

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

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

**The District as a Whole**

Table 1 provides a summary of the Health District's net assets for 2005 on a cash basis:

**Table 1  
Net Assets – Cash Basis**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ <u>302,073</u>	\$ <u>227,473</u>
<i>Total Assets</i>	\$ <u>302,073</u>	\$ <u>227,473</u>
<b>Net Assets</b>		
<b>Restricted for:</b>		
Women, Infants, & Children	\$ 51,294	\$ 40,012
Solid Waste	12,116	12,116
Construction and Demolition Debris	20,001	-
<b>Unrestricted</b>	<u>218,662</u>	<u>175,345</u>
<i>Total Net Assets</i>	\$ <u>302,073</u>	\$ <u>227,473</u>

As mentioned previously, net assets increased \$74,600.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(UNAUDITED)**

Table 2 reflects the changes in net assets in 2005. Since the District did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities 2005</b>
<b>Receipts</b>	
Intergovernmental	\$1,242,662
Fines, Licenses and Permits	799,353
Charges for Services	180,948
Miscellaneous	8,202
<b><i>Total Receipts</i></b>	<b>2,231,166</b>
 <b>Disbursements</b>	
Environmental Health	747,136
Solid Waste	82,829
Nursing	337,656
Women, Infants, and Children	381,442
Health Education	266,000
Administration	341,502
<b><i>Total Disbursements</i></b>	<b>2,156,565</b>
<b><i>Net Change in Fund Balances</i></b>	<b>74,600</b>
<b><i>Net Assets Beginning of Year</i></b>	<b>227,473</b>
<b><i>Net Assets End of Year</i></b>	<b>\$ 302,073</b>

In 2005, approximately 56 percent of the District's total receipts were from grant funds from state, federal, non-profit, and private donations and grant awards. Only 17% of the District's revenues were from assessments to townships, villages, and cities within the District, which is a component of intergovernmental cash receipts. 44% of receipts were generated through charges for services, permits, and other fees.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(UNAUDITED)**

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**Governmental Activities**

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Environmental Health (35%), WIC (18%), Nursing (16%) and Administration (16%). Table 3 compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement.

**Table 3  
Governmental Activities**

	<b><u>Total Cost of Services 2005</u></b>	<b><u>Net Cost of Services 2005</u></b>
Administration	\$ 341,502	\$ 312,232
Environmental Health	747,136	(64,695)
Solid Waste	82,829	82,829
Nursing	337,656	204,511
Health Education	266,000	43,579
Women, Infants, & Children	<u>381,442</u>	<u>(34,429)</u>
<b><i>Total</i></b>	<b><u>\$2,156,565</u></b>	<b><u>\$ 544,027</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 District's Funds**

The governmental funds had total receipts of \$2,231,165 and disbursements of \$2,156,565. The governmental funds had an increase in the cash balance of \$74,600.

The fund balance of the General Fund increased, by \$43,317, to \$218,662 at year-end. This represents 11%, or over 5 weeks, of annual disbursements. The Women, Infants, and Children's Fund increased by \$11,282 to \$51,294.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(UNAUDITED)**

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***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.

During the course of 2005, the District amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. Plumbing and sanitation receipts were below expectations due to a decrease in new housing starts. This trend is attributed to a weaker local economy and increased interest rates. There were no significant changes between the original and the final estimated receipts for other EH funds. Additional funds were appropriated and the budget was amended to reflect the award of unanticipated grant funds including CFHS and an increase in WIC and other funds.

**Contacting the District's Financial Management**

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

*Statement of Net Assets - Cash Basis  
December 31, 2005*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 302,073
<i>Total Assets</i>	<u><u>\$ 302,073</u></u>
<b>Net Assets</b>	
Restricted for:	
Women, Infants, & Children	\$ 51,294
Solid Waste	12,116
Construction and Demolition Debris	20,001
Unrestricted	<u>218,662</u>
<i>Total Net Assets</i>	<u><u>\$ 302,073</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, 2005*

	<u>Cash</u> <u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Cash Disbursements)</u> <u>Cash Receipts and</u> <u>Changes in Net Assets</u>
<b>Governmental Activities</b>		Charges for Services and Sales	Operating Grants and Contributions	<u>Governmental</u> <u>Activities</u>
Administration	\$ 341,502	\$ 29,270	\$ -	\$ (312,232)
Environmental Health	747,136	811,831	-	64,695
Solid Waste	82,829	-	-	(82,829)
Nursing	337,656	133,145	-	(204,511)
Health Education	266,000	6,055	216,366	(43,579)
Women, Infants, & Children	381,442	-	415,871	34,429
<i>Total Governmental Activities</i>	<u>\$ 2,156,565</u>	<u>\$ 980,301</u>	<u>\$ 632,237</u>	<u>(544,027)</u>
<b>General Receipts</b>				
				610,425
				8,202
				<u>618,627</u>
				74,600
				<u>227,473</u>
				<u>\$ 302,073</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005*

	General	Women, Infants, and Children	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 218,662	\$ 51,294	\$ 32,117	\$ 302,073
<i>Total Assets</i>	<u>\$ 218,662</u>	<u>\$ 51,294</u>	<u>\$ 32,117</u>	<u>\$ 302,073</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	27,584	4,366	6,899	38,849
Unreserved:				
Designated for Budget Stabilization	28,000	17,177	-	45,177
Undesignated (Deficit), Reported in:				
General Fund	163,078	-	-	163,078
Special Revenue Funds	-	29,751	25,218	54,969
<i>Total Fund Balances</i>	<u>\$ 218,662</u>	<u>\$ 51,294</u>	<u>\$ 32,117</u>	<u>\$ 302,073</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, 2005*

	General	Women, Infants, and Children	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Intergovernmental	\$ 778,791	\$ 415,871	\$ 48,000	\$ 1,242,662
Fines, Licenses and Permits	733,200	-	66,153	799,353
Charges for Services	180,948	-	-	180,948
Miscellaneous	8,202	-	-	8,202
<i>Total Receipts</i>	<u>1,701,141</u>	<u>415,871</u>	<u>114,153</u>	<u>2,231,165</u>
<b>Disbursements</b>				
Environmental Health	700,984	-	46,152	747,136
Solid Waste	34,829	-	48,000	82,829
Nursing	337,656	-	-	337,656
Women, Infants, and Children	538	380,904	-	381,442
Health Education	266,000	-	-	266,000
Administration	341,502	-	-	341,502
<i>Total Disbursements</i>	<u>1,681,509</u>	<u>380,904</u>	<u>94,152</u>	<u>2,156,565</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,632</u>	<u>34,967</u>	<u>20,001</u>	<u>74,600</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	43,685	20,000	-	63,685
Advances Out	(20,000)	(43,685)	-	(63,685)
<i>Total Other Financing Sources (Uses)</i>	<u>23,685</u>	<u>(23,685)</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	43,317	11,282	20,001	74,600
<i>Fund Balances Beginning of Year</i>	<u>175,345</u>	<u>40,012</u>	<u>12,116</u>	<u>227,473</u>
<i>Fund Balances End of Year</i>	<u>\$ 218,662</u>	<u>\$ 51,294</u>	<u>\$ 32,117</u>	<u>\$ 302,073</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, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$ 766,405	\$ 828,005	\$ 778,791	\$ (49,214)
Fines, Licenses and Permits	783,700	783,700	733,200	(50,500)
Charges for Services	186,000	186,000	180,948	(5,052)
Miscellaneous	6,500	6,500	8,202	1,702
<i>Total Receipts</i>	<u>1,742,605</u>	<u>1,804,205</u>	<u>1,701,141</u>	<u>(103,064)</u>
<b>Disbursements</b>				
Current:				
Salaries	1,068,205	1,032,550	991,610	40,940
OPERS	195,767	193,572	177,641	15,931
Health Insurance	148,314	167,459	167,312	147
Medicare	15,492	13,992	13,030	962
Worker's Comp	7,713	12,349	12,349	-
Unemployment	-	500	500	-
Office-Supplies	75,704	54,248	52,154	2,094
Contract Services	20,794	82,627	78,075	4,552
Travel	49,026	42,726	42,244	482
Other Expenses	9,218	11,336	10,839	497
Board Expense	7,500	7,500	7,040	460
Equipment	20,000	35,487	35,487	-
Medical Supplies	4,000	5,633	5,133	500
Professional Education / Dues	9,440	17,130	16,129	1,001
State Remittance	65,000	65,464	62,594	2,870
H2O Samples	6,000	8,259	8,259	-
TB-Other	8,500	6,976	6,976	-
Reimbursement	8,500	7,500	5,646	1,854
Mosquito Control Supplies	11,000	8,732	6,250	2,482
Grant Supplies	-	9,825	9,825	-
<i>Total Disbursements</i>	<u>1,730,173</u>	<u>1,783,865</u>	<u>1,709,093</u>	<u>74,772</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,432</u>	<u>20,340</u>	<u>(7,952)</u>	<u>(28,292)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	96,600	80,000	22,000	(58,000)
Transfers Out	-	-	(22,000)	(22,000)
Advances In	25,000	25,000	43,685	18,685
Advances Out	(25,000)	(20,000)	(20,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>96,600</u>	<u>85,000</u>	<u>23,685</u>	<u>(61,315)</u>
<i>Net Change in Fund Balances</i>	109,032	105,340	15,733	(89,607)
Prior Year Encumbrances Appropriated	11,192	11,192	11,192	-
<i>Fund Balances Beginning of Year</i>	<u>164,153</u>	<u>164,153</u>	<u>164,153</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 284,377</u>	<u>\$ 280,685</u>	<u>\$ 191,078</u>	<u>\$ (89,607)</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's Fund  
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Receipts</b>				
Intergovernmental	\$ 371,800	\$ 395,485	\$ 415,871	\$ 20,386
<i>Total Receipts</i>	<u>371,800</u>	<u>395,485</u>	<u>415,871</u>	<u>20,386</u>
<b>Disbursements</b>				
Current:				
Salaries	270,000	268,000	265,682	2,318
OPERS	44,685	47,689	47,603	86
Medicare	3,510	3,594	3,534	60
Worker's Comp	-	3,469	3,469	-
Supplies	12,000	6,175	6,175	-
Contract Services	1,500	2,541	2,539	2
Travel	3,900	3,900	3,900	-
Equipment	41	500	500	-
Professional Education & Dues	1,000	704	704	-
Reimbursement	45,600	51,164	51,164	-
<i>Total Disbursements</i>	<u>382,236</u>	<u>387,736</u>	<u>385,270</u>	<u>2,466</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(10,436)</u>	<u>7,749</u>	<u>30,601</u>	<u>22,852</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	25,000	25,000	20,000	(5,000)
Advances Out	-	(43,685)	(43,685)	-
<i>Total Other Financing Sources (Uses)</i>	<u>25,000</u>	<u>(18,685)</u>	<u>(23,685)</u>	<u>(5,000)</u>
<i>Net Change in Fund Balances</i>	14,564	(10,936)	6,916	17,852
Prior Year Encumbrances Appropriated	41	41	41	-
<i>Fund Balances Beginning of Year</i>	<u>39,971</u>	<u>39,971</u>	<u>39,971</u>	<u>-</u>
<i>Fund Balances End of Year</i>	<u>\$ 54,576</u>	<u>\$ 29,076</u>	<u>\$ 46,928</u>	<u>\$ 17,852</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

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

**A. Primary Government**

A reporting entity is comprised of the primary government, component units and other organizations included in ensuring that the basic financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District.

**B. Component Units**

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

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

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

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

**A. Basis of Presentation**

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

**B. Fund Accounting**

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

Governmental Funds

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

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

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

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

**C. Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in cash receipts are identified by the District. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations amounts were adopted.

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 and final budgeted amounts reflect the first and final appropriation resolutions for that fund that covered the entire year, including amounts automatically carried forward from prior years.

**D. 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.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**E. 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, 2005.

**F. 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.

**G. 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.

**H. Interfund Receivables/Payables**

The District reports advances-in and advances-out for interfund loans. There were no outstanding advances at December 31, 2005.

**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.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the cash disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. 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.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**M. Fund Balance Reserves/Designations**

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The District has designated monies for the purpose of stabilizing the budget against cyclical changes in revenues and expenditures in accordance with Ohio Revised Code Section 5705.13. The amounts designated in the General and Women, Infants, and Children's Funds at December 31, 2005 were \$28,000 and \$17,177, respectively. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**N. 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.

The District did not have any transfers during 2005.

**O. 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 2005.

**Note 3 - Change in Basis of Accounting**

Last year the District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the Ohio State Auditor's Office. This year the District has revised its statements to present its financial statements in accordance with GASB Statement No. 34 on the cash basis of accounting as described in Note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.



**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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**Note 4 – Change in Accounting Principle**

In March of 2003 GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures* (an amendment of GASB Statement No. 3). This statement amends Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principle areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that included investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the year ending December 31, 2005. The implementation of this GASB had no impact on the financial position of the District at December 31, 2005.

**Note 5 – 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 is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) for the General and Women, Infant, and Children's Funds at December 31, 2005 amounted to \$27,584 and \$4,366, respectively.

**Note 6 – Deposits and Investments**

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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**Note 6 – Deposits and Investments** (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

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

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Licking County Treasurer serves as the fiscal agent for the District and the investments of Licking County funds, including the District's cash. The District maintains no control over the investment of its cash. At December 31, 2005, the carrying amount of the District's deposits was \$302,073.

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

**Note 7 - Risk Management**

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

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

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

**Casualty Coverage**

PEP retains casualty risks up to \$250,000 per claim, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

**Note 7 - Risk Management – Continued**

If losses exhaust PEP’s retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP’s Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based on the combined members’ total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 is \$1,682,589.

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

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

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year’s premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31, 2005 and 2004 (the latest information available):

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained Earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$ 4,443,332	\$ 3,648,272
Liabilities	(1,068,245)	(540,073)
Retained Earnings	<u>\$ 3,375,087</u>	<u>\$ 3,108,199</u>

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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**Note 7 - Risk Management – Continued**

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment.

**Note 8 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2005, the members of all three plans except those participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The employer contribution rate for pension benefits for 2005 was 9.55 percent. For 2005 state statute required employers to contribute 13.55% of their gross salaries and for employees to contribute 8.5% of their gross salaries. The District provides an OPERS pickup of 4.5% as a benefit to employees, reducing the employee's contribution to 4% and increasing the District's contribution to 17.95% of gross salaries. The full amount of required retirement contributions has been contributed for 2005, 2004 and 2003.

The District recognizes the disbursement for employer contributions to the Ohio Public Employees Retirement System (OPERS) when they are paid. The Ohio Revised Code prescribes contribution rates.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005**

(Continued)

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**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12 "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers"*.

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004 (the latest information available), include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)**

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**Note 10 – 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, 2005.

**B. Litigation**

In 2004 two former employees of the District filed a \$2 million lawsuit against the District for health effects suffered while employed by the District. The Public Entities Pool (as described in Note 7) secured Tomino and Latchney, LLC, as legal representation to defend against this claim. The District secured a Summary Judgment in their favor in April of 2006. The Claimants are appealing the judgment. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the District's financial condition.

**DISTRICT BOARD OF HEALTH**

**LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor / Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Health:</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	45101FCL05/06	10.557	\$ 380,904
Total U.S. Department of Agriculture			<u>380,904</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed Through Ohio Department of Highway Safety:</i>			
State and Community Highway Safety	45000000504	20.600	<u>32,053</u>
Total U.S. Department of Transportation			<u>32,053</u>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>			
<i>Passed Through Ohio Environmental Protection Agency:</i>			
State Indoor Radon Grant	4510012BA05/06	66.032	<u>76,806</u>
Total U.S. Environmental Protection Agency			<u>76,806</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed Through Ohio Department of Health:</i>			
Centers for Disease Control and Prevention Investigations and Technical Assistance	N/A - Not Provided	93.283	74,978
Preventive Health and Service Block Grant	N/A - Not Provided	93.991	9,000
Human Immunodeficiency Virus	4510011MC06	93.994	<u>4,986</u>
Total Passed Through Ohio Department of Health:			<u>88,964</u>
Medical Reserve Corps Small Grant Program	N/A - Direct Funding	93.008	<u>55,839</u>
Total U.S. Department of Health and Human Services			<u>144,803</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 634,566</u></u>

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

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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





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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio (the District) as of and for the year ended December 31, 2005, and issued our report thereon dated September 1, 2006. For the year ended December 31, 2005, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*. In addition, as disclosed in Note 4, the District adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not the objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**  
Ten West Locust Street  
Newark, Ohio 43055  
(740) 345-6611  
1-800-523-6611  
FAX (740) 345-5635

District Board of Health  
Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards*  
Page 2

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

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio

September 1, 2006



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

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

**Compliance**

We have audited the compliance of the District Board of Health, Licking County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance and Supplement* that are applicable to its major federal program for the year ended December 31, 2005. The District's major program is identified in the summary of auditor's results section in the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2005.

*Wilson, Shannon & Snow, Inc.*

**CERTIFIED PUBLIC ACCOUNTANTS**

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

**Internal Control over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Wilson, Shannon E. Snow, Inc.*

Newark, Ohio

September 1, 2006

**DISTRICT BOARD OF HEALTH  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2005**

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

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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**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  
DECEMBER 12, 2006**