



Mary Taylor, CPA
Auditor of State

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio, (the District), as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Women, Infants and Children and Public Health Emergency Preparedness Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the District's financial statements. The Federal Awards Expenditure Schedule presents additional information and is required by 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 financial statements. We subjected this schedule to the auditing procedures applied in our audit of the District's financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 26, 2010

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The Management's Discussion and Analysis of the District Board of Health, Licking County (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2009, within the limitations of the District's cash basis of accounting. The intent of this Management's Discussion and Analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2009 are as follows:

- Net assets increased by \$106,020.
- Total Disbursements increased by \$222,188 as the District continues to provide services for the public during the economic downturn.

Using the Basic Financial Statements

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

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

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

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

Basis of Accounting

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

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Reporting the District as a Whole

The statement of net assets and the statement of activities reflect how the District performed financially during 2009, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the District at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The District as a Whole

Table 1 provides a summary of the District's net assets for 2009 compared to 2008 on a cash basis:

(Table 1)
Net Assets

	Total	
	2009	2008
Assets		
Cash and Cash Equivalents	\$694,690	\$588,670
Total Assets	\$694,690	\$588,670
Net Assets		
Restricted for:		
Women, Infants, & Children	\$47,526	\$112,727
Construction Demolition Debris	23,773	39,932
Solid Waste	50,112	36,446
Sewage Treatment	64,468	52,528
Home Health	697	0
Unrestricted	508,114	347,037
Total Net Assets	\$694,690	\$588,670

As mentioned previously, net assets increased \$106,020 and are primarily associated with cost savings gained through the merger between the District and the City of Newark Health Department during 2008.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

Table 2 reflects the changes in net assets in 2009 and 2008:

(Table 2)

Changes in Net Assets

	Total	
	2009	2008
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$1,436,658	\$1,483,453
Operating Grants and Contributions	1,515,342	1,615,576
Total Program Receipts	2,952,000	3,099,029
General Receipts:		
Grants and Entitlements Not Restricted to Specific Programs	1,384,838	1,230,695
Miscellaneous	5,624	82,254
Total General Receipts	1,390,462	1,312,949
Total Receipts	4,342,462	4,411,978
Disbursements:		
Environmental Health	1,027,525	947,532
Solid Waste	68,941	56,775
Nursing	1,391,563	1,340,693
Women, Infants, & Children	507,297	467,813
Health Education	239,497	305,754
Administration	1,001,619	895,687
Total Disbursements	4,236,442	4,014,254
Net Change in Fund Balance	106,020	397,724
Net Assets, January 1	588,670	190,946
Net Assets, December 31	\$694,690	\$588,670

In 2009, 67% of the District's total receipts were from state, federal, non-profit, and private donations and awards, 33% were from charges for services, permits, and other fees, and less than 1% were from miscellaneous 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 disbursements for governmental activities are for Environmental Health (24%), WIC (12%), Nursing (33%) and Administration (24%). 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.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

(Table 3)

Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Administration	\$1,001,619	\$812,491	\$895,687	\$727,622
Environmental Health	\$1,027,525	\$171,917	\$947,532	\$6,393
Solid Waste	68,941	(35,548)	56,775	(44,494)
Nursing	1,391,563	656,781	1,340,693	474,085
Health Education	239,497	(411,778)	305,754	(209,498)
Women, Infant, & Children	507,297	90,579	467,813	(38,883)
Total Expenses	\$4,236,442	\$1,284,442	\$4,014,254	\$915,225

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 \$4,342,462 and disbursements of \$4,236,442. The governmental funds had an increase in the cash balance of \$106,020.

The fund balance of the General Fund increased by \$280,810 to \$627,847 at year-end. The General Fund increase is partially attributed to a decrease in health education and administrative expenditures from 2008. The Public Health Emergency Preparedness Fund balance decreased by \$119,731. The Women, Infants, and Children's Fund decreased by \$65,201 to \$47,526.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, cash disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

Actual receipts were \$127,318 greater than estimated receipts. Final appropriations were \$3,226,569,569 which was \$34,114 higher than original appropriations. Final expenditures of \$3,124,8033,099,803 were \$101,766 less than final appropriations.

Contacting the District's Financial Management

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

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**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009**

	Governmental Activities
Assets	
Cash with Fiscal Agents	\$694,690
<i>Total Assets</i>	<u>\$694,690</u>
Net Assets	
Restricted for:	
Women, Infants, & Children	\$47,526
Solid Waste	23,773
Construction and Demolition Debris	50,112
Sewage Treatment	64,468
Home Health	697
Unrestricted	<u>508,114</u>
<i>Total Net Assets</i>	<u>\$694,690</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, 2009**

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Administration	\$1,001,619	\$189,128	\$0	(\$812,491)
Environmental Health	1,027,525	855,608	0	(171,917)
Solid Waste	68,941	0	104,489	35,548
Nursing	1,391,563	342,082	392,700	(656,781)
Health Promotion and Planning	239,497	49,840	601,435	411,778
Women, Infants, & Children	507,297	0	416,718	(90,579)
<i>Total Governmental Activities</i>	<u>4,236,442</u>	<u>1,436,658</u>	<u>1,515,342</u>	<u>(1,284,442)</u>
General Receipts				
				1,384,838
				5,624
				<u>1,390,462</u>
				106,020
				<u>588,670</u>
				<u>\$694,690</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, 2009**

	General	Women, Infants, and Children	Public Health Emergency Preparedness	Other Governmental Funds	Total Governmental Funds
Assets					
Cash with Fiscal Agents	\$627,847	\$47,526	(\$119,733)	\$139,050	694,690
<i>Total Assets</i>	<u>\$627,847</u>	<u>\$47,526</u>	<u>(\$119,733)</u>	<u>\$139,050</u>	<u>\$694,690</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$69,420	\$3,107		\$32,029	\$104,556
Unreserved:					
Designated for Budget Stabilization	62,593	19,122			\$81,715
Undesignated (Deficit), Reported in:					
General Fund	495,834				495,834
Special Revenue Funds		25,297	(119,733)	107,021	12,585
<i>Total Fund Balances</i>	<u>\$627,847</u>	<u>\$47,526</u>	<u>(\$119,733)</u>	<u>\$139,050</u>	<u>\$694,690</u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General	Women, Infants, and Children	Public Health Emergency Preparedness	Other Governmental Funds	Total Governmental Funds
Receipts					
Intergovernmental	\$2,050,429	\$416,718	\$328,544	\$104,489	\$2,900,180
Fines, Licenses and Permits	692,148	0	0	155,821	847,969
Charges for Services	587,992	0	0	697	588,689
Miscellaneous	5,624	0	0	0	5,624
<i>Total Receipts</i>	<u>3,336,193</u>	<u>416,718</u>	<u>328,544</u>	<u>261,007</u>	<u>4,342,462</u>
Disbursements					
Current:					
Environmental Health	845,601	0	0	181,922	1,027,523
Solid Waste	0	0	0	68,941	68,941
Nursing	1,292,375	0	99,190	0	1,391,565
WIC	378	506,919	0	0	507,297
Health Promotion and Planning	118,359	0	121,138	0	239,497
Administration	773,670	0	227,949	0	1,001,619
<i>Total Disbursements</i>	<u>3,030,383</u>	<u>506,919</u>	<u>448,277</u>	<u>250,863</u>	<u>4,236,442</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>305,810</u>	<u>(90,201)</u>	<u>(119,733)</u>	<u>10,144</u>	<u>106,020</u>
Other Financing Sources (Uses)					
Transfers In	0	25,000	0	0	25,000
Transfers Out	(25,000)	0	0	0	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	280,810	(65,201)	(119,733)	10,144	106,020
<i>Fund Balances Beginning of Year</i>	<u>347,037</u>	<u>112,727</u>	<u>0</u>	<u>128,906</u>	<u>588,670</u>
<i>Fund Balances End of Year</i>	<u><u>\$627,847</u></u>	<u><u>\$47,526</u></u>	<u><u>(\$119,733)</u></u>	<u><u>\$139,050</u></u>	<u><u>\$694,690</u></u>

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$1,989,615	\$1,989,615	\$2,050,429	\$60,814
Fines, Licenses and Permits	659,460	659,460	692,148	32,688
Charges for Services	552,800	552,800	587,992	35,192
Miscellaneous	7,000	7,000	5,624	(1,376)
<i>Total Receipts</i>	<u>3,208,875</u>	<u>3,208,875</u>	<u>3,336,193</u>	<u>127,318</u>
Disbursements				
Current:				
Salaries	1,924,313	1,790,760	1,745,884	44,876
OPERS	412,047	412,047	369,501	42,546
Health Insurance	332,634	348,659	348,563	96
Medicare	28,382	28,382	26,219	2,163
Worker's Comp	20,394	42,922	42,712	210
Unemployment	0	16,500	14,390	2,110
Office-Supplies	46,490	57,885	57,017	868
Contract Services	92,727	113,035	113,035	0
Travel	19,994	12,066	12,066	0
Other Expenses	10,000	12,100	12,086	14
Board Expenses	9,000	8,000	7,680	320
Equipment	7,594	27,684	27,610	74
Medical Supplies	82,000	88,608	88,608	0
Professional Ed/Dues	8,880	12,719	12,212	507
State Remittance	110,000	149,736	149,736	0
H2O Samples	5,000	10,466	9,498	968
TB-Other	7,000	7,000	4,383	2,617
Reimbursement	4,000	3,500	1,113	2,387
Mosquito Control Supplies	4,000	6,500	5,403	1,097
Grant Supplies	43,000	53,000	52,087	913
<i>Total Disbursements</i>	<u>3,167,455</u>	<u>3,201,569</u>	<u>3,099,803</u>	<u>101,766</u>
<i>Excess of Receipts Over Disbursements</i>	<u>41,420</u>	<u>7,306</u>	<u>236,390</u>	<u>25,552</u>
Other Financing (Uses)				
Transfers Out	(25,000)	(25,000)	(25,000)	0
<i>Net Change in Fund Balances</i>	16,420	(17,694)	211,390	25,552
Prior Year Encumbrances Appropriated	34,115	34,115	34,115	0
<i>Fund Balances Beginning of Year</i>	<u>312,922</u>	<u>312,922</u>	<u>312,922</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$363,457</u>	<u>\$329,343</u>	<u>\$558,427</u>	<u>\$25,552</u>

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
WOMEN, INFANTS, AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$500,000	\$500,000	\$416,718	(\$83,282)
<i>Total Receipts</i>	500,000	500,000	416,718	(83,282)
Disbursements				
Current:				
Salaries	305,000	314,412	314,412	0
OPERS	63,000	63,855	63,855	0
Health Insurance	97,896	97,896	97,896	0
Medicare	4,500	4,500	4,170	330
Worker's Comp	6,000	7,315	7,315	0
Supplies	18,732	5,945	5,945	0
Contract Services	16,432	9,934	9,679	255
Travel	5,500	5,902	5,079	823
Equipment	1,000	1,000	940	60
Professional Ed/Dues	1,000	1,000	735	265
<i>Total Disbursements</i>	519,060	511,759	510,026	1,733
<i>Excess of Receipts (Under) Disbursements</i>	(19,060)	(11,759)	(93,308)	(85,015)
Other Financing Sources				
Transfers In	25,000	25,000	25,000	0
<i>Net Change in Fund Balances</i>	5,940	13,241	(68,308)	(85,015)
Prior Year Encumbrances Appropriated	1,118	1,118	1,118	0
<i>Fund Balances Beginning of Year</i>	111,609	111,609	111,609	0
<i>Fund Balances End of Year</i>	\$118,667	\$125,968	\$44,419	(\$85,015)

See accompanying notes to the basic financial statements

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
PUBLIC HEALTH EMERGENCY PREPAREDNESS FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$328,544	\$328,544	\$328,544	\$0
<i>Total Receipts</i>	328,544	328,544	328,544	0
Disbursements				
Current:				
Salaries	167,437	167,437	167,437	0
OPERS	33,026	33,026	33,026	0
Health Insurance	120,302	120,302	120,302	0
Medicare	2,316	2,316	2,316	0
Worker's Comp	4,056	4,056	4,056	0
Office-Supplies	24,418	24,418	24,418	0
Contract Services	40,841	40,841	40,841	0
Travel	1,836	1,836	1,836	0
Equipment	50,732	50,732	50,732	0
Professional Ed/Dues	3,313	3,313	3,313	0
<i>Total Disbursements</i>	448,277	448,277	448,277	0
<i>Net Change in Fund Balances</i>	(119,733)	(119,733)	(119,733)	0
<i>Fund Balances Beginning of Year</i>	0	0	0	0
<i>Fund Balances End of Year</i>	(\$119,733)	(\$119,733)	(\$119,733)	\$0

See accompanying notes to the basic financial statements

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**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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 and a Health Commissioner 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.

A. Primary Government

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

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; or the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. 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 5 to the basic financial statements.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. 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 and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. 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 presents the cash balances, cash receipts, and cash disbursements of the governmental activities of the District at year end. The statement of activities compares disbursements and program receipts for each program or function of the District's governmental activities. 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. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the District.

Fund Financial Statements

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

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:

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.

The Women, Infants, and Children Special Revenue Fund accounts for federal grant monies for the Women, Infants, and Children Program.

The Public Health Emergency Preparedness Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Funds (continued)

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

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

E. Cash and Investments

The Licking County Treasurer is the custodian for the District's cash and investments. The County's cash and investment pool holds the District's cash, which is reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the 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 are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The District did not have any restricted assets at December 31, 2009.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. There were no outstanding advances at December 31, 2009.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

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

M. Net Assets

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The government-wide statement of net assets reports \$186,576 of restricted assets, of which none is restricted by enabling legislation.

N. Fund Balance Reserves/Designations

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The District has designated monies for the purpose of stabilizing the budget against cyclical changes in revenues and expenditures in according with Ohio Revised Code Section 5705.13. The amounts designated in the General and Women, Infant, and Children's Fund at December 31, 2009 were \$62,593 and \$19,122 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.

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

Note 3 - Accountability

The Public Health Emergency Preparedness Fund had a negative fund balance at year end due to the lag time between expenditures and reimbursement by the federal grant.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 4 - Budgetary Basis of Accounting (continued)

General Fund	\$69,420
Major Special Revenue Funds:	
Women, Infants, and Children Fund	3,107
Public Health Emergency Preparedness Fund	32,029

Note 5 - Risk Management

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, 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.

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

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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 5 - Risk Management (continued)

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$20,696.

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

<u>Contributions to PEP</u>	
2007	\$13,501
2008	\$20,164
2009	\$21,336

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they 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 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 6 - Defined Benefit Pension Plans

Plan Description - 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 the retirement system 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 stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 6 - Defined Benefit Pension Plans (continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10 percent of covered payroll.

The District's contribution rate for 2009 was 14 percent of covered payroll. For the period January 1, through March 31, 2009, a portion of the District's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the District of 14 percent.

The District's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$283,653, \$261,866, and \$222,625 respectively. The full amount has been contributed for 2009, 2008 and 2007.

Note 7 - Postemployment Benefits

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 7 - Postemployment Benefits (continued)

The District's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009 and 2008 were \$138,873 and \$130,933 respectively; 100 percent has been contributed for 2009 and 2008.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

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 and 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 2009.

Note 9 - Contingent Liabilities

A. Grants

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any such disallowed claims could have a material adverse affect on the overall financial position of the District at December 31, 2009.

B. Litigation

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

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**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009**

Federal Program	CFDA #	Pass-through Agency Awarding Number	Expenditures
United States Department of Agriculture:			
Passed-through Ohio Department of Health: Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	4510011WA0209	\$ 506,919
Office of Juvenile Justice and Delinquency			
Passed through Ohio Department of Alcohol and Drug Addiction Services Drug-Free Alliance	16.727	N/A	3,000
United States Department of Transportation			
Passed-through Ohio Department of Public Safety State and Community Highway Safety	20.600	SC-2009-45-00-00-00396-00	29,170
United States Department of the Environmental Protection Agency			
Passed- through Ohio Department of Health: State Indoor Radon Grant	66.032	04510012IR0209	32,969
United States Department of Health and Human Services:			
Direct Program: Medical Reserve Corp Small Grants Program	93.008	N/A	5,000
Passed-through Ohio Department of Job and Family Services: Passed-through the Licking County Department of Jobs and Family Services: Temporary Assistance for Needy Families	93.558	N/A	33,072
Passed-through Ohio Department of Health: Public Health Emergency Preparedness	93.069	04510012PI0209	448,275
Immunization Grants	93.268	04510012IM0209	62,178
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	04510014BC0110	76,485
Maternal and Child Health Services Block Grant to the States	93.994	04510011MC0209	32,030
		04510011DS0209	42,200
Passed-through Licking County Mental Health of America Preventive Health and Health Services Block Grant	93.991	N/A	9,000
Total United States Department of Health and Human Services			<u>708,240</u>
Total Federal Awards Expenditures			<u>\$ 1,280,298</u>

This schedule of federal awards expenditures has been prepared on the cash basis of accounting.

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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



Mary Taylor, CPA

Auditor of State

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

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District Board of Health, Licking County, Ohio, (the District) as of and for the year ended December 31, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 26, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 26, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Members of the Board:

Compliance

We have audited the compliance of District Board of Health, Licking County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District Board of Health complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 26, 2010

**DISTRICT BOARD OF HEALTH
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Public Health Emergency Preparedness – CFDA 93.069
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

DISTRICT BOARD OF HEALTH

LICKING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 22, 2010**