



Dave Yost • Auditor of State

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY
DECEMBER 31, 2017**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Fairfield County General Health District
Fairfield County
1550 Sheridan Drive, Suite 100
Lancaster, Ohio 43130

To the Board of Health:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County General Health District, Fairfield County, Ohio, as of December 31, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the General; Women, Infants and Children; Bioterrorism Grant and Landfill/C&DD Disposal funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3B to the financial statements, during 2017, the District restated beginning net position due to a change in estimates for receivables. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 11, 2018

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

The management discussion and analysis of the Fairfield County General Health District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- For 2017, the total net position of the District decreased \$150,019, which represents a 111.25% decrease from 2016 as restated in Note 3.B.
- General revenues accounted for \$734,943 in revenue or 25.28% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$2,172,000 or 74.72% of total revenues of \$2,906,943.
- The District had \$3,056,962 in expenses related to governmental activities; \$2,172,000 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$734,943 were not adequate to provide for these programs.
- The District's major funds are the general fund, the women, infants and children fund, the bioterrorism grant fund and the landfill/c & dd disposal fund. The general fund had \$1,601,488 in revenues and \$1,546,124 in expenditures and other financing uses. During 2017, the general fund's fund balance increased \$55,364 from \$861,317 to \$916,681.
- The women, infants and children fund, a District major fund, had \$492,087 in revenues and other financing sources and \$400,276 in expenditures. During 2017, the women, infants and children fund balance increased \$91,811 from a fund balance of \$38,047 to a fund balance of \$129,858.
- The bioterrorism grant fund, a District major fund, had \$111,438 in revenues and \$137,222 in expenditures. During 2017, the bioterrorism grant fund balance decreased \$25,784 from a fund balance of \$33,208 to a fund balance of \$7,424.
- The landfill/c & dd disposal fund, a District major fund, had \$231,796 in revenues and \$192,672 in expenditures. During 2017, the landfill/c & dd disposal fund balance increased \$39,124 from a fund balance of \$233,196 to a fund balance of \$272,320.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these 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.

The statement of net position and statement of activities provide information about the activities of the District as a whole, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the District, nonfinancial information such as the condition of the District's capital assets, the reliance on non-local financial resources for the operations and the need for continued growth will also need to be evaluated.

The District's statement of net position and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the women, infants and children fund, the bioterrorism grant fund and landfill/c & dd disposal fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains a multitude of individual governmental funds. The District has segregated these funds into major funds and nonmajor funds. The District's major governmental funds are the general fund, the women, infants and children fund, the bioterrorism grant fund, and the landfill/c & dd disposal fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 15-22 of this report.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-47 of this report.

Government-wide Financial Analysis

The table below provides a summary of the District's government-wide assets, deferred outflows, liabilities, deferred inflows and net position for 2017 and 2016. The net position at December 31, 2016 has been restated as described in Note 3.B.

	Net Position	
	Governmental Activities	
	<u>2017</u>	(Restated) <u>2016</u>
<u>Assets</u>		
Current and other assets	\$ 1,725,009	\$ 1,584,128
Capital assets, net	<u>52,185</u>	<u>29,053</u>
Total assets	<u>1,777,194</u>	<u>1,613,181</u>
Deferred outflows - pension	<u>928,473</u>	<u>779,470</u>
<u>Liabilities</u>		
Current liabilities	185,995	205,526
Long-term liabilities:		
Due within one year	122,704	95,702
Net pension liability	2,303,030	1,853,172
Other amounts	<u>54,767</u>	<u>66,862</u>
Total liabilities	<u>2,666,496</u>	<u>2,221,262</u>
Deferred inflows - pension	<u>54,336</u>	<u>36,535</u>
<u>Net Position</u>		
Investment in capital assets	52,185	29,053
Restricted	286,997	285,509
Unrestricted (deficit)	<u>(354,347)</u>	<u>(179,708)</u>
Total net position (deficit)	<u>\$ (15,165)</u>	<u>\$ 134,854</u>

During 2016, the District adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2017, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$15,165.

At year-end, capital assets represented 2.94% of total assets. Capital assets include furniture, fixtures and equipment, and vehicles. Capital assets at December 31, 2017 were \$52,185. These capital assets are used to provide services to citizens and are not available for future spending. A portion of the District's net position, \$286,997, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$354,347.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

The table below shows the changes in net position for 2017 and 2016. The December 31, 2016 net position has been restated as described in Note 3.B.

Change in Net Position			
	Governmental Activities	Governmental Activities (Restated)	Percentage Change
	<u>2017</u>	<u>2016</u>	
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 1,509,599	\$ 1,076,691	40.21 %
Operating grants and contributions	662,401	772,610	(14.26) %
General revenues:			
Property taxes	466,554	466,554	- %
Grants and entitlements	253,560	403,510	(37.16) %
Other	<u>14,829</u>	<u>14,455</u>	2.59 %
Total revenues	<u>2,906,943</u>	<u>2,733,820</u>	6.33 %
<u>Expenses</u>			
Program expenses:			
Health:			
Environmental health	895,120	768,247	16.51 %
Community health services	1,092,024	1,008,839	8.25 %
Health promotion and planning	312,207	232,966	34.01 %
Administration	<u>757,611</u>	<u>602,587</u>	25.73 %
Total expenses	<u>3,056,962</u>	<u>2,612,639</u>	17.01 %
Change in net position	(150,019)	121,181	(223.80) %
Net position at beginning of year	<u>134,854</u>	<u>N/A</u>	
Net position (deficit) at end of year	<u>\$ (15,165)</u>	<u>N/A</u>	N/A %

Governmental Activities

Governmental activities net position decreased \$150,019 in 2017. Community health services accounted for \$1,092,024 of the total expenses of the District. Major programs in community health services include the immunization clinic and women, infants, and children program services. These expenses were partially funded by \$524,309 in direct charges to users of the services. Environmental health accounted for \$895,120 of the total expenses of the District. Major programs in environmental health include food service, water system, and landfill inspections. These expenses were funded by \$751,843 in direct charges to users of the services.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

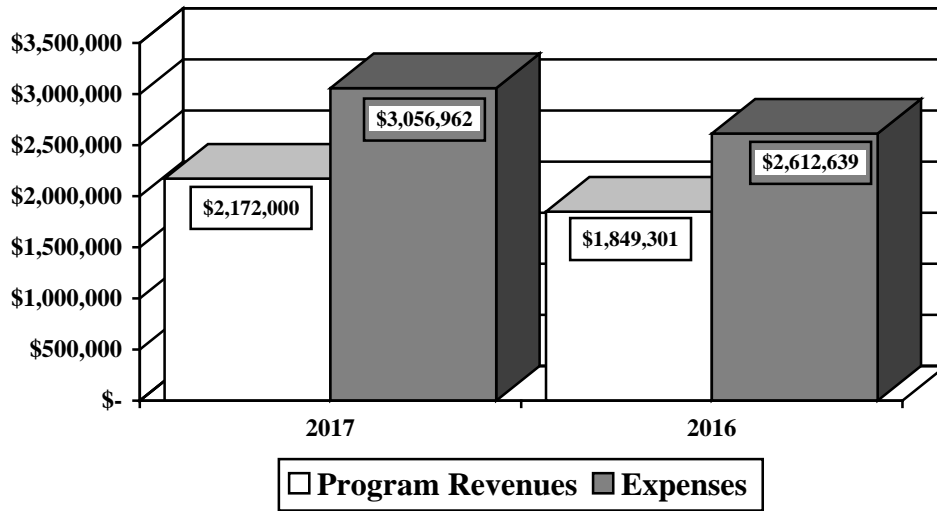
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

The State and federal government contributed to the District a total of \$662,401 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$24,502 subsidized environmental health programs, \$487,759 subsidized community health services programs and \$150,140 subsidized health promotion and planning programs. The District's strategy to secure the maximum amount of grants and contributions that are provided by the state and federal governments continues to be productive. Grants include Immunization Action Plan, Bioterrorism, Child and Family Health Services, and Women, Infants, and Children (WIC).

General revenues totaled \$734,943 and amounted to 25.28% of total governmental revenues. These revenues primarily consist of property tax revenue of \$466,554. The other primary source of general revenues is grants and entitlements not restricted to specific programs making up \$253,560.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities - Program Revenues vs. Total Expenses



Governmental Activities

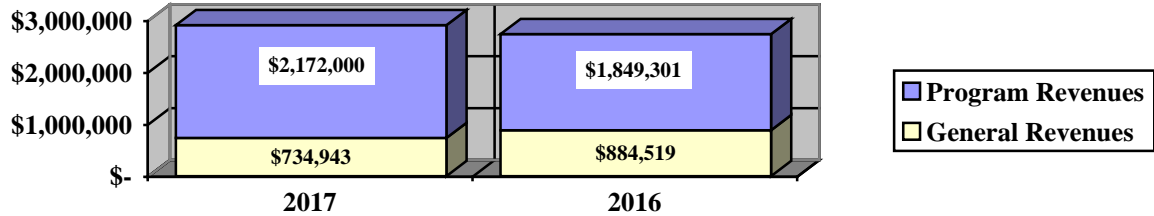
	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program expenses:				
Environmental health	\$ 895,120	\$ 118,775	\$ 768,247	\$ 102,259
Community health services	1,092,024	79,956	1,008,839	211,035
Health promotion and planning	312,207	78,693	232,966	(24,387)
Administration	757,611	607,538	602,587	474,431
Total	<u>\$ 3,056,962</u>	<u>\$ 884,962</u>	<u>\$ 2,612,639</u>	<u>\$ 763,338</u>

The dependence upon operating grants and contributions for governmental activities is apparent, with 71.05% of expenses supported through operating grants and contributions.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Governmental Activities - General and Program Revenues



Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at year-end.

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$1,515,638 which is \$137,036 more than last year's total of \$1,378,602. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2017 for all major and nonmajor governmental funds.

	Fund Balances 12/31/17	Fund Balances 12/31/16	Change
Major fund:			
General	\$ 916,681	\$ 861,317	\$ 55,364
Women, infants & children	129,858	38,047	91,811
Bioterrorism grant	7,424	33,208	(25,784)
Landfill/c & dd disposal	272,320	233,196	39,124
Other nonmajor governmental funds	<u>189,355</u>	<u>212,834</u>	<u>(23,479)</u>
Total	<u>\$ 1,515,638</u>	<u>\$ 1,378,602</u>	<u>\$ 137,036</u>

General Fund

The District's general fund balance increased \$55,364. The table that follows assists in illustrating the revenues of the general fund.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Amount	2016 Amount	Percentage Change
<u>Revenues</u>			
Taxes	\$ 466,554	\$ 466,554	- %
Charges for services	390,349	43,724	792.76 %
Licenses and permits	486,457	430,768	12.93 %
Fines and forfeitures	-	158	(100.00) %
Intergovernmental	253,560	398,260	(36.33) %
Other	4,568	12,764	(64.21) %
Total	<u>\$ 1,601,488</u>	<u>\$ 1,352,228</u>	18.43 %

Tax revenue represents 29.13% of all general fund revenue. Charges for services increase 792.76% during the year primarily due to an increase in the amount of clients serviced by the District and due to a change in accounting principal. License and permits increased 12.93% during the year primarily due to an increase in sewage licenses and permits issued during 2017. Intergovernmental revenues decreased 36.33% during the year primarily due to a decrease in grant revenues and a change in accounting principal. All other revenue remained comparable to 2016.

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

	2017 Amount	2016 Amount	Percentage Change
<u>Expenditures</u>			
Environmental health	\$ 227,537	\$ 156,842	45.07 %
Community health services	356,234	317,716	12.12 %
Health promotion and planning	87,148	53,085	64.17 %
Administration	682,167	564,139	20.92 %
Total	<u>\$ 1,353,086</u>	<u>\$ 1,091,782</u>	23.93 %

The increase in expenditures for environmental health, community health services and health promotion and planning is due new expenditure in 2017 for the repair and replacement of septic systems throughout Fairfield County. The increases in administration expenditures are primarily a result of increases in salary, health insurance administration and contractual services. Overall, the District had an increase in expenditures of 23.93%.

Women, Infants and Children Fund

The women, infants and children fund, a District major fund, had \$492,087 in revenues and other financing sources and \$400,276 in expenditures. During 2017, the women, infants and children fund balance increased \$91,811 from a balance of \$38,047 to a fund balance of \$129,858.

Bioterrorism Grant Fund

The bioterrorism grant fund, a District major fund, had \$111,438 in revenues and \$137,222 in expenditures. During 2017, the bioterrorism grant fund balance decreased \$25,784 from a balance of \$33,208 to a fund balance of \$7,424.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Landfill/C & DD Disposal Fund

The landfill/c & dd disposal fund, a District major fund, had \$231,796 in revenues and \$192,672 in expenditures. During 2017, the landfill/c & dd disposal fund balance increased \$39,124 from a balance of \$233,196 to a fund balance of \$272,320.

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, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of 2017, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$1,264,958 and final budgeted revenues were \$1,578,430. Actual revenues for 2017 were \$1,606,244. This represents a \$27,814 increase from final budgeted revenues.

General fund original appropriations and other financing uses totaled \$1,301,395 and final appropriations and other financing uses totaled \$1,786,113. The actual budget basis expenditures and other financing uses for 2017 totaled \$1,658,103, which was \$128,010 less than the final budget appropriations.

Capital Assets

Capital Assets

At the end of 2017, the District had \$52,185 (net of accumulated depreciation) invested in furniture, fixtures and equipment, and vehicles. The following table shows 2017 balances compared to 2016:

**Capital Assets at December 31
(Net of Depreciation)**

	Governmental Activities	
	2017	2016
Furniture, fixtures and equipment	\$ 24,285	\$ 29,053
Vehicles	27,900	-
Total	\$ 52,185	\$ 29,053

The overall increase in capital assets of \$23,132 is the result of additions of \$31,000 being greater than depreciation expense of \$7,868 during 2017.

See Note 5 to the basic financial statements for additional information on the District's capital assets.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Economic Factors and Next Year's Budget

The health department maintained a staff of approximately 30 during 2017. The Board awarded all qualifying employees a 3% salary increase in 2017.

Lancaster's contract with the health department for 2017 was \$294,936 and will remain the same for 2018. The contribution of the District Advisory Council for 2017 was \$466,554 and will remain the same for 2018. In 2017, the health department will continue providing plumbing inspections in Hocking County.

The health department's 2018 grant revenue is expected to remain about the same as in 2017 for most of our grants. In 2017, the health department received an award for WPCLF funds in the amount of \$200,000.

Any shortfalls in funding for 2017 will be covered by the \$867,181 cash that was carried over in our General Fund.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Jamie Ehorn, Fiscal Officer, 1550 Sheridan Drive, Lancaster, Ohio 43130, email to jamie.ehorn@fairfieldcountyohio.gov or by calling the District at (740) 652-2808.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 1,623,882
Receivables:	
Accounts	17,416
Intergovernmental	73,600
Prepayments	10,111
Capital assets:	
Depreciable capital assets, net	52,185
Total capital assets, net	52,185
Total assets	1,777,194
Deferred outflows of resources:	
Pension OPERS	928,473
Total assets and deferred outflows of resources .	2,705,667
Liabilities:	
Accounts payable	34,413
Accrued wages and benefits payable	81,017
Intergovernmental payable	70,565
Long-term liabilities:	
Due within one year	122,704
Due in more than one year:	
Net pension liability	2,303,030
Other amounts due in more than one year. . .	54,767
Total liabilities	2,666,496
Deferred inflows of resources:	
Pension OPERS.	54,336
Total liabilities and deferred inflows of resources.	2,720,832
Net position:	
Investment in capital assets	52,185
Restricted for:	
Landfill C&DD disposal	257,831
Other purposes	29,166
Unrestricted (deficit)	(354,347)
Total net position (deficit)	\$ (15,165)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Environmental health	\$ 895,120	\$ 751,843	\$ 24,502	\$ (118,775)
Community health services	1,092,024	524,309	487,759	(79,956)
Health promotion and planning	312,207	83,374	150,140	(78,693)
Administration	757,611	150,073	-	(607,538)
Total governmental activities	\$ 3,056,962	\$ 1,509,599	\$ 662,401	(884,962)
 General revenues:				
Property taxes levied for:				
General purposes				466,554
Grants and entitlements not restricted to specific programs				253,560
Miscellaneous				14,829
Total general revenues				734,943
Change in net position				(150,019)
Net position at beginning of year (restated) .				134,854
Net position (deficit) at end of year				\$ (15,165)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	<u>General</u>	<u>Women, Infants and Children</u>	<u>Bioterrorism Grant</u>	<u>Landfill C & DD Disposal</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and cash equivalents	\$ 1,011,756	\$ 122,798	\$ 13,033	\$ 290,367	\$ 185,928	\$ 1,623,882
Receivables:						
Accounts	-	-	-	-	17,416	17,416
Due from other governments	2,162	28,979	1,797	-	40,662	73,600
Prepayments	5,512	1,425	400	108	2,666	10,111
Total assets	\$ 1,019,430	\$ 153,202	\$ 15,230	\$ 290,475	\$ 246,672	\$ 1,725,009
Liabilities:						
Accounts payable	\$ 27,404	\$ 724	\$ 81	\$ 35	\$ 6,169	\$ 34,413
Accrued wages and benefits payable	34,299	16,544	5,252	759	24,163	81,017
Compensated absences payable	7,767	-	512	-	15,097	23,376
Intergovernmental payable	33,279	6,076	1,961	17,361	11,888	70,565
Total liabilities	102,749	23,344	7,806	18,155	57,317	209,371
Fund balances:						
Nonspendable	5,512	1,425	400	108	2,666	10,111
Restricted	-	128,433	7,024	272,212	135,522	543,191
Committed	-	-	-	-	53,195	53,195
Assigned	111,713	-	-	-	-	111,713
Unassigned (deficit)	799,456	-	-	-	(2,028)	797,428
Total fund balances	916,681	129,858	7,424	272,320	189,355	1,515,638
Total liabilities, deferred inflows of resources and fund balances	\$ 1,019,430	\$ 153,202	\$ 15,230	\$ 290,475	\$ 246,672	\$ 1,725,009

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017

Total governmental fund balances	\$	1,515,638
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		52,185
The net pension liability is not available to pay for current period expenditures and is not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	928,473	
Deferred inflows of resources	(54,336)	
Net pension liability	(2,303,030)	
Total	(1,428,893)	(1,428,893)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(154,095)
Net position (deficit) of governmental activities	\$	(15,165)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>General</u>	<u>Women, Infants and Children</u>	<u>Bioterrorism Grant</u>	<u>Landfill C & DD Disposal</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes	\$ 466,554	\$ -	\$ -	\$ -	\$ -	\$ 466,554
Charges for services	390,349	-	-	170,390	103,021	663,760
Licenses and permits	486,457	-	-	61,350	295,650	843,457
Fines and forfeitures	-	-	-	-	2,382	2,382
Intergovernmental	253,560	390,019	109,244	-	162,273	915,096
Investment income	-	531	334	-	-	865
Other	4,568	1,537	1,860	56	6,808	14,829
Total revenues	<u>1,601,488</u>	<u>392,087</u>	<u>111,438</u>	<u>231,796</u>	<u>570,134</u>	<u>2,906,943</u>
Expenditures:						
Current:						
Environmental health	227,537	-	-	192,672	403,439	823,648
Community health services	356,234	400,276	-	-	235,342	991,852
Health promotion and planning	87,148	-	137,222	-	47,870	272,240
Administration	682,167	-	-	-	-	682,167
Total expenditures	<u>1,353,086</u>	<u>400,276</u>	<u>137,222</u>	<u>192,672</u>	<u>686,651</u>	<u>2,769,907</u>
Excess (deficiency) of revenues over (under) expenditures	<u>248,402</u>	<u>(8,189)</u>	<u>(25,784)</u>	<u>39,124</u>	<u>(116,517)</u>	<u>137,036</u>
Other financing sources (uses):						
Transfers in	-	100,000	-	-	93,038	193,038
Transfers (out)	(193,038)	-	-	-	-	(193,038)
Total other financing sources (uses)	<u>(193,038)</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>93,038</u>	<u>-</u>
Net change in fund balances	55,364	91,811	(25,784)	39,124	(23,479)	137,036
Fund balances at beginning of year	<u>861,317</u>	<u>38,047</u>	<u>33,208</u>	<u>233,196</u>	<u>212,834</u>	<u>1,378,602</u>
Fund balances at end of year	<u>\$ 916,681</u>	<u>\$ 129,858</u>	<u>\$ 7,424</u>	<u>\$ 272,320</u>	<u>\$ 189,355</u>	<u>\$ 1,515,638</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

Net change in fund balances - total governmental funds	\$	137,036
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 31,000	
Current year depreciation	<u>(7,868)</u>	
Total		23,132
 Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		181,076
 Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(499,732)
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>8,469</u>
Change in net position of governmental activities	\$	<u>(150,019)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 466,554	\$ 466,554	\$ 466,554	\$ -
Charges for services	364,791	398,547	394,389	(4,158)
Licenses and permits	399,813	399,813	486,611	86,798
Intergovernmental	31,800	311,516	254,122	(57,394)
Other	2,000	2,000	4,568	2,568
Total revenues	<u>1,264,958</u>	<u>1,578,430</u>	<u>1,606,244</u>	<u>27,814</u>
Expenditures:				
Current:				
Health:				
Environmental health	156,152	290,730	267,006	23,724
Community health services	303,605	436,603	394,103	42,500
Health promotion and planning	57,733	112,011	104,591	7,420
Administration	705,100	752,920	698,554	54,366
Total expenditures	<u>1,222,590</u>	<u>1,592,264</u>	<u>1,464,254</u>	<u>128,010</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,368</u>	<u>(13,834)</u>	<u>141,990</u>	<u>155,824</u>
Other financing uses:				
Transfers (out)	<u>(78,805)</u>	<u>(193,849)</u>	<u>(193,849)</u>	<u>-</u>
Total other financing uses	<u>(78,805)</u>	<u>(193,849)</u>	<u>(193,849)</u>	<u>-</u>
Net change in fund balances	(36,437)	(207,683)	(51,859)	155,824
Fund balances at beginning of year	870,773	870,773	870,773	-
Prior year encumbrances appropriated	48,267	48,267	48,267	-
Fund balance at end of year	<u>\$ 882,603</u>	<u>\$ 711,357</u>	<u>\$ 867,181</u>	<u>\$ 155,824</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WOMEN, INFANTS AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 413,984	\$ 428,984	\$ 434,844	\$ 5,860
Investment income.	-	-	531	531
Other	-	-	1,537	1,537
Total revenues	<u>413,984</u>	<u>428,984</u>	<u>436,912</u>	<u>7,928</u>
Expenditures:				
Current:				
Health:				
Community health services	413,984	438,741	426,358	12,383
Total expenditures	<u>413,984</u>	<u>438,741</u>	<u>426,358</u>	<u>12,383</u>
Excess (deficiency) of revenues over (under) expenditures.	-	(9,757)	10,554	20,311
Other financing sources:				
Transfers in	-	-	100,000	100,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balances	-	(9,757)	110,554	120,311
Fund balances at beginning of year	7,160	7,160	7,160	-
Prior year encumbrances appropriated . .	3,790	3,790	3,790	-
Fund balance at end of year	<u>\$ 10,950</u>	<u>\$ 1,193</u>	<u>\$ 121,504</u>	<u>\$ 120,311</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BIOTERRORISM GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 127,572	\$ 127,572	\$ 134,891	\$ 7,319
Investment income	-	-	334	334
Other	-	-	1,860	1,860
Total revenues	<u>127,572</u>	<u>127,572</u>	<u>137,085</u>	<u>9,513</u>
Expenditures:				
Current:				
Health:				
Health promotion and planning	127,572	138,255	135,238	3,017
Total expenditures	<u>127,572</u>	<u>138,255</u>	<u>135,238</u>	<u>3,017</u>
Net change in fund balances	-	(10,683)	1,847	12,530
Fund balances at beginning of year	10,557	10,557	10,557	-
Prior year encumbrances appropriated	361	361	361	-
Fund balance at end of year	<u>\$ 10,918</u>	<u>\$ 235</u>	<u>\$ 12,765</u>	<u>\$ 12,530</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LANDFILL/C & DD DISPOSAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 129,162	\$ 129,162	\$ 170,390	\$ 41,228
Licenses and permits	60,500	60,500	61,350	850
Other	-	-	56	56
Total revenues	<u>189,662</u>	<u>189,662</u>	<u>231,796</u>	<u>42,134</u>
Expenditures:				
Current:				
Health:				
Environmental health	189,662	219,011	216,550	2,461
Total expenditures	<u>189,662</u>	<u>219,011</u>	<u>216,550</u>	<u>2,461</u>
Net change in fund balances	-	(29,349)	15,246	44,595
Fund balances at beginning of year	233,713	233,713	233,713	-
Prior year encumbrances appropriated . .	17,831	17,831	17,831	-
Fund balance at end of year	<u>\$ 251,544</u>	<u>\$ 222,195</u>	<u>\$ 266,790</u>	<u>\$ 44,595</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - DESCRIPTION OF THE HEALTH DISTRICT AND REPORTING ENTITY

The Fairfield County General Health District and the City of Lancaster Health Department separated on January 1, 2011 and the District became known as the Fairfield County General Health District (the "District") in accordance with 3709.07 of the Ohio Revised Code. The District is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is operated by a Board to address safety, health and wellness of the residents of Fairfield County.

The District's Board is directed by a five member Board and a Health Commissioner. The District services include communicable disease investigations, immunization clinics, inspections, vital statistics, public health nursing services, and health-related licenses and permits.

The District's management believes these financial statements present all activities for which the District is financially accountable. The District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Basis of Presentation and Measurement Focus

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The statement of net position presents the financial condition of the governmental activities for the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular program. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operation of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general receipts of the District.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 all governmental functions of the District are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

The following are the District's major governmental funds:

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Women, Infants and Children (WIC) Fund - The WIC Fund accounts for grant monies for the administration of the WIC program.

Bioterrorism Grant Fund - The Bioterrorism Grant Fund accounts for State grant monies for bioterrorism prevention and education.

Landfill/C&DD Disposal Fund - The Landfill/C&DD Disposal Fund accounts for activities related to the operation and upkeep of the landfill/construction and demolition debris facility.

Other governmental funds of the District are used to account for grants and other resources, whose use is restricted to a particular purpose.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Revenues-Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property tax allocations from Fairfield County and the City of Lancaster, grants, entitlements, and donations. Revenue from property tax allocation, grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: grants and entitlements, licenses and permits; fines and forfeitures; interest; and, charges for services.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, See Note 9 for deferred outflows of resources related the District's net pension liability.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, See Note 9 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgetary Process

All funds, except agency 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 resolutions, all of which are prepared on the budgetary basis of accounting. The budget determines the amount of money that is needed from the Fairfield County Budget Commission. 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 fund, function level for all funds.

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

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

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which the service is consumed.

F. Accounts Receivable

Accounts receivables are stated as unpaid balances, less an allowance for doubtful accounts. The District provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the District's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

G. Cash and Investments

The County Treasurer is the custodian for the District's cash. 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 Fairfield County Auditor, Jon A. Slater, Jr., 210 East Main Street, Lancaster, Ohio 43130, <https://www.co.fairfield.oh.us/auditor>, (740) 652-7040.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Capital Assets

Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are defined by the District as assets with initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Useful Life</u>
Vehicles	4 - 5 years
Furniture, fixtures and equipment	5 - 12 years

I. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. The net position component “investment in capital assets” consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Net position restricted for other purposes are restricted by grantors and regulations of other governments.

J. Interfund Transactions and Balances

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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 expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On the fund financial statements, outstanding interfund loans are reported as “interfund receivables/payables”. Interfund transfers and loans within governmental activities are eliminated on the statement of activities.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Compensated Absences

Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate employees for the benefits through time off or some other means. Sick leave benefits are accrued using the vesting method. The liability is based on sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

Ohio law requires that vacation time not be accumulated for more than three years plus current year accrual. Employees with a minimum of one year of service become vested in accumulated unpaid vacation time. Unused vacation is payable upon termination of employment. Unused sick time may be accumulated until retirement. Employee's eligible to retire under a District-recognized retirement plan, with a minimum of ten years of service, are paid one-fourth of accumulated sick time upon retirement. Such payment may not exceed the value of thirty days of accrued but unused sick leave. All sick, vacation, and personal and compensation payments are made at employees' current wage rates.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligation of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment during the current year.

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or are legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board of Directors, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

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 the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2017.

P. Pensions

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2017, the District has implemented GASB Statement No. 80, “*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*”, GASB Statement No. 81 “*Irrevocable Split-Interest Agreements*”, and GASB Statement No. 82, “*Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73*”.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

B. Restatement of Net Position/Due from other Governments

A net position restatement is required in order to restate the beginning balance of grants receivable due to a change in grant allocation in prior year. The governmental activities at January 1, 2017 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 603,896
Grants receivable adjustment	(469,042)
Restated net position at January 1, 2017	\$ 134,854

C. Deficit Fund Balances

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

Nonmajor funds	Deficit
Food Service	\$ 1,149

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 4 - RECEIVABLES

Receivables at December 31, 2017 consisted of charges for services and intergovernmental receivables arising from grants. A summary of the items of intergovernmental and accounts receivable follows:

<u>Governmental Funds</u>	<u>Intergovernmental Receivable</u>	<u>Accounts Receivable</u>
General	\$ 2,162	\$ -
Women, infants and children fund	28,979	-
Bioterrorism grant	1,797	-
Nonmajor governmental	<u>40,662</u>	<u>17,416</u>
Total receivables	<u>\$ 73,600</u>	<u>\$ 17,416</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Balance 12/31/16</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/17</u>
<u>Governmental activities:</u>				
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures and equipment	\$ 87,724	\$ -	\$ -	\$ 87,724
Vehicles	<u>95,721</u>	<u>31,000</u>	<u>-</u>	<u>126,721</u>
Total capital assets, being depreciated	<u>183,445</u>	<u>31,000</u>	<u>-</u>	<u>214,445</u>
<i>Less: accumulated depreciation:</i>				
Furniture, fixtures and equipment	(58,671)	(4,768)	-	(63,439)
Vehicles	<u>(95,721)</u>	<u>(3,100)</u>	<u>-</u>	<u>(98,821)</u>
Total accumulated depreciation	<u>(154,392)</u>	<u>(7,868)</u>	<u>-</u>	<u>(162,260)</u>
Total capital assets being depreciated, net	<u>29,053</u>	<u>23,132</u>	<u>-</u>	<u>52,185</u>
Governmental activities capital assets, net	<u>\$ 29,053</u>	<u>\$ 23,132</u>	<u>\$ -</u>	<u>\$ 52,185</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
Environmental health	\$ 3,100
Administration	3,742
Health promotion and planning	<u>1,026</u>
Total depreciation expense - governmental activities	<u>\$ 7,868</u>

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 - LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations during the year consisted of the following.

Governmental activities:	<u>Balance</u> 12/31/16	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> 12/31/17	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 162,564	\$ 110,609	\$ (95,702)	\$ 177,471	\$ 122,704
Net pension liability	<u>1,853,172</u>	<u>449,858</u>	<u>-</u>	<u>2,303,030</u>	<u>-</u>
Total governmental-type long-term obligations	<u>\$ 2,015,736</u>	<u>\$ 560,467</u>	<u>\$ (95,702)</u>	<u>\$ 2,480,501</u>	<u>\$ 122,704</u>

Compensated absences are paid from the fund from which the respective employees' salaries are paid.

Net pension liability: See Note 9 for more details.

NOTE 7 - INTERFUND TRANSACTIONS

Interfund Transfers

Transfers made during the year were as follows:

<u>Transfer to</u>	<u>Transfers</u> <u>From</u>
	<u>General Fund</u>
Nonmajor governmental funds	\$ 93,038
Women, Infants and Children	<u>100,000</u>
Total Interfund Transfers	<u>\$ 193,038</u>

Transfers were made to move unrestricted balances to support various programs and projects accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 8 - RISK MANAGEMENT

The Pool's membership increased from 520 members in 2016 to 527 members in 2017.

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

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

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 8 - RISK MANAGEMENT - (Continued)

Casualty and Property Coverage

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

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 PEP member.

Property and casualty settlements did not exceed insurance coverage in any of the past three years. There has been no significant change in coverage from last year.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017 and 2016 (the latest information available):

	<u>2017</u>	<u>2016</u>
Assets	\$ 44,452,326	\$ 44,182,281
Liabilities	<u>(13,004,011)</u>	<u>(13,396,700)</u>
Net position	<u>\$ 31,448,315</u>	<u>\$ 30,785,581</u>

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.

Contributions to PEP	
2015	\$ 10,794
2016	10,514
2017	10,627

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing (via certified mail) 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also, upon withdrawal, payments for all casualty claims and claim expense become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

The net pension liability/asset represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *due to other governments* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - District employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. District employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The District's contractually required contribution for the Traditional Pension Plan was \$181,076 for 2017. Of this amount, \$25,134 is reported as an intergovernmental payable.

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan were measured as of December 31, 2016, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OPERS total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The District's proportion of the net pension liability or asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS - Traditional
Proportion of the net pension liability/asset prior measurement date	0.01069900%
Proportion of the net pension liability/asset current measurement date	0.01014200%
Change in proportionate share	-0.00055700%
 Proportionate share of the net pension liability	\$ 2,303,030
Pension expense	499,732

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional
Deferred outflows of resources	
Differences between expected and actual experience	\$ 3,121
Net difference between projected and actual earnings on pension plan investments	342,972
Changes of assumptions	365,288
Changes in employer's proportionate percentage/ difference between employer contributions	36,016
District contributions subsequent to the measurement date	181,076
Total deferred outflows of resources	\$ 928,473
 Deferred inflows of resources	
Differences between expected and actual experience	\$ 13,707
Changes in employer's proportionate percentage/ difference between employer contributions	40,629
Total deferred outflows of resources	\$ 54,336

\$181,076 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2018.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS - Traditional</u>
2018	\$ 299,099
2019	283,765
2020	120,253
2021	(10,053)
2022	<u>(3)</u>
Total	<u>\$ 693,061</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, for the defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The most recent experience study was completed for the five-year period ended December 31, 2015.

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

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

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

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan. A discount rate of 8.00% was used in the previous measurement period. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50%, as well as what the District's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability: Traditional Pension Plan	\$ 3,518,393	\$ 2,303,030	\$ 1,290,240

NOTE 10 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10 - POSTRETIREMENT BENEFIT PLANS – (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment 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 post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00%.

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

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016, and 2015 were \$13,929, \$27,980, and \$36,149, respectively; 87.11% has been contributed for 2017 and 100% has been contributed for 2016 and 2017. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10 - POSTRETIREMENT BENEFIT PLANS – (Continued)

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

All employees shall be entitled to sick leave in accordance with Sections 124.38 and 124.39 of the Ohio Revised Code as follows. Each employee shall be entitled to 4.32 hours of sick pay for each 75 hours of service completed. Upon retirement, an eligible employee shall be paid one-fourth of accrued, but unused sick leave credit up to a maximum of 30 days (240 hours).

After one year of continuous employment, permanent, full-time employees are entitled to 10-30 days of vacation leave, depending upon length of service. Accumulated, unused vacation leave is paid to employees upon termination of employment.

B. Health, Dental and Life Insurance

Health insurance coverage was provided through Ohio Public Entity Consortium Healthcare Cooperative. Dental coverage is provided through Delta Dental. Life insurance is provided through Standard Insurance Company. Life insurance coverage is as follows: \$20,000 per employee, \$10,000 per spouse and \$5,000 per child (over 14 days old); employee has an option to purchase supplemental life insurance at their expense.

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statement of revenues, expenditures and changes in fund balances - budget and actual (non-GAAP budgetary basis) presented for the general and each major special revenue fund is presented in the basic financial statements to provide a meaningful comparison of actual results compared to budgeted. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues and other financing sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
2. Expenditures and other financing uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP);
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP); and,
4. Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

	General	Women, Infants & Children Fund	Bioterrorism Grant	Landfill/ C&DD Disposal
Budget basis	\$ (51,859)	\$ 110,554	\$ 1,847	\$ 15,246
Net adjustment for revenue accruals	(4,756)	(44,825)	(25,647)	-
Net adjustment for expenditure accruals	(39,587)	24,788	(2,252)	301
Net adjustment for other financing sources/use	811	-	-	-
Encumbrances	<u>150,755</u>	<u>1,294</u>	<u>268</u>	<u>23,577</u>
GAAP basis	<u>\$ 55,364</u>	<u>\$ 91,811</u>	<u>\$ (25,784)</u>	<u>\$ 39,124</u>

NOTE 13 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at December 31, 2017.

B. Litigation

The District is not currently involved in litigation for which the District's legal counsel anticipates a loss.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - FUND BALANCE

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

Fund balance	General	Women, Infants and Children	Bioterrorism Grant	Landfill C&DD Disposal	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepays	\$ 5,512	\$ 1,425	\$ 400	\$ 108	\$ 2,666	\$ 10,111
Total nonspendable	<u>5,512</u>	<u>1,425</u>	<u>400</u>	<u>108</u>	<u>2,666</u>	<u>10,111</u>
Restricted:						
State Grant WIC	-	128,433	-	-	-	128,433
Bioterrorism grant	-	-	7,024	-	-	7,024
Landfill/C&DD disposal	-	-	-	272,212	-	272,212
Other purposes	-	-	-	-	135,522	135,522
Total restricted	<u>-</u>	<u>128,433</u>	<u>7,024</u>	<u>272,212</u>	<u>135,522</u>	<u>543,191</u>
Committed:						
Other purposes	-	-	-	-	53,195	53,195
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,195</u>	<u>53,195</u>
Assigned:						
Environmental health	31,719	-	-	-	-	31,719
Community health services	27,626	-	-	-	-	27,626
Health promotion & planning	15,347	-	-	-	-	15,347
Administrative	27,626	-	-	-	-	27,626
Subsequent year appropriations	9,395	-	-	-	-	9,395
Total assigned	<u>111,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,713</u>
Unassigned (deficit)	<u>799,456</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,028)</u>	<u>797,428</u>
Total fund balances	<u>\$ 916,681</u>	<u>\$ 129,858</u>	<u>\$ 7,424</u>	<u>\$ 272,320</u>	<u>\$ 189,355</u>	<u>\$ 1,515,638</u>

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 102,318
WIC	580
Bioterrorism	207
Landfill	6,471
Nonmajor	<u>830</u>
 Total	 <u>\$ 110,406</u>

NOTE 16 – OHIO DEPARTMENT OF HEALTH FUNDS

During the year ended December 31, 2017, the District received federal funding passed through the Ohio Department of Health as follows:

Federal Grantor	Department of Agriculture	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services
CFDA Number	10.557	93.074	93.994	93.268/93.539	93.778
Grant Title	WIC Administration	Public Health Emergency Preparedness	Maternal and Child Health	Immunization Action Plan	Medicaid Administrative Claiming
Project Number	02310011 WA1017	02310012PH0817	02310011MP0117	02310012IM0416	1705OH05ADM
Federal Expenditures	\$ 390,020	\$ 114,873	\$ 19,527	\$ 12,590	\$ 27,242

NOTE 17 – SUBSEQUENT EVENT

In 2018 the District switched from coverage with Ohio Public Entity Consortium Healthcare Cooperative to being self-insured. Due to the payout of claims in May of 2018 the District is showing a deficit balance of approximately \$221,000. As of the date of this report it is uncertain if the District's will responsible for the all or part of the deficit.

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**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

<i>Traditional Plan:</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.010142%	0.010699%	0.010273%	0.010273%
District's proportionate share of the net pension liability	\$ 2,303,030	\$ 1,853,172	\$ 1,239,064	\$ 1,211,077
District's covered-employee payroll	\$ 1,399,017	\$ 1,807,425	\$ 1,243,017	\$ 1,165,315
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.62%	102.53%	99.68%	103.93%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented as of the District's measurement date which is the prior year.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2017	2016	2015	2014
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 181,076	\$ 167,882	\$ 216,891	\$ 149,162
Contributions in relation to the contractually required contribution	(181,076)	(167,882)	(216,891)	(149,162)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,392,892	\$ 1,399,017	\$ 1,807,425	\$ 1,243,017
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 151,491	\$ 90,066	\$ 114,434	\$ 170,755	\$ 166,196	\$ 269,075
<u>(151,491)</u>	<u>(90,066)</u>	<u>(114,434)</u>	<u>(170,755)</u>	<u>(166,196)</u>	<u>(269,075)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,165,315	\$ 900,660	\$ 1,144,340	\$ 1,915,009	\$ 2,045,489	\$ 3,843,929
13.00%	10.00%	10.00%	8.92%	8.13%	7.00%

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2017
(SEE ACCOUNTANT'S COMPILATION REPORT)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.



Dave Yost • Auditor of State

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

Fairfield County General Health District
Fairfield County
1550 Sheridan Drive, Suite 100
Lancaster, Ohio 43130

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County General Health District, Fairfield County, Ohio (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 11, 2018, wherein we noted during 2017 the District restated beginning net position due to a change in estimates for receivables.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

September 11, 2018

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Accounting for Parks, Campgrounds and Pools - Noncompliance

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

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

The District has the required swimming pool fund, but did not post any receipts or expenditures to this fund in 2017. Instead, swimming pool receipts of \$18,128 and expenditures of \$23,543 were improperly posted to the Trailer Park Fund.

The District does not have the required separate fund for campgrounds. Instead, campground receipts of \$5,298 and expenditures of \$5,195 were improperly posted to the Trailer Park Fund.

The District has adjusted their accounting records for these adjustments.

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

We recommend the District create a fund for campground permits and track all campground and swimming pool permit revenues and enforcement operation expenditures in the proper funds as required by the Ohio Revised Code. We also recommend the District determine if any balances existed in these funds at the beginning of the year and ensure those balances are properly adjusted as well.

Officials' Response:

The Fairfield County General Health District will work with the Fairfield County Auditor's office to ensure that campground revenue and expenditures and swimming pool revenue and expenditures are tracked in separate special funds. We will also determine if any balances existed in these funds at the beginning of the year and ensure those balances are properly adjusted.

While we understand the need for the change, we would like to note that revenue and expenses for both campgrounds and pools were tracked separately by using different organizational codes within the same fund.

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FAIRFIELD COUNTY GENERAL HEALTH DISTRICT

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 23, 2018**