



**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY
DECEMBER 31, 2018**

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FAIRFIELD COUNTY
DECEMBER 31, 2018**

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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, 2018, 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.

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, 2018, 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 3A to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 and other post-employment benefit liabilities and pension and other post-employment benefit 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 date October 9, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

October 9, 2019

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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, 2018. 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 2018 are as follows:

- For 2018, the total net position of the District decreased \$57,828, which represents a 5.73% decrease from 2017 net position, as restated in Note 3.
- General revenues accounted for \$628,014 in revenue or 21.37% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$2,310,990 or 78.63% of total revenues of \$2,939,004.
- The District had \$2,996,832 in expenses related to governmental activities; \$2,310,990 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$628,014 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 \$1,531,382 in revenues and \$1,642,992 in expenditures and other financing uses. During 2018, the general fund's fund balance decreased \$111,540 from \$916,681 to \$805,141.
- The women, infants and children fund, a District major fund, had \$443,937 in revenues and \$440,747 in expenditures. During 2018, the women, infants and children fund balance increased \$3,190 from a fund balance of \$129,858 to a fund balance of \$133,048.
- The bioterrorism grant fund, a District major fund, had \$174,805 in revenues and \$122,402 in expenditures. During 2018, the bioterrorism grant fund balance increased \$52,403 from a fund balance of \$7,424 to a fund balance of \$59,827.
- The landfill/c & dd disposal fund, a District major fund, had \$211,545 in revenues and \$182,106 in expenditures. During 2018, the landfill/c & dd disposal fund balance increased \$29,439 from a fund balance of \$272,320 to a fund balance of \$301,759.

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, 2018**

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 2018?" 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 14-15 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 10. 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 16-23 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 24-52 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability.

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 at December 31, 2018 and 2017. The net position at December 31, 2017 has been restated as described in Note 3.

	Net Position	
	Governmental Activities	
	<u>2018</u>	Restated <u>2017</u>
<u>Assets</u>		
Current and other assets	\$ 1,965,505	\$ 1,725,009
Capital assets, net	<u>95,022</u>	<u>52,185</u>
Total assets	<u>2,060,527</u>	<u>1,777,194</u>
<u>Deferred outflows</u>		
Pension	349,748	928,473
OPEB	<u>71,219</u>	<u>13,929</u>
Total deferred outflows	<u>420,967</u>	<u>942,402</u>
<u>Liabilities</u>		
Current liabilities	425,613	185,995
Long-term liabilities:		
Due within one year	103,861	122,704
Net pension liability	1,398,112	1,007,520
Net OPEB liability	967,778	2,303,030
Other amounts	<u>48,545</u>	<u>54,767</u>
Total liabilities	<u>2,943,909</u>	<u>3,674,016</u>
<u>Deferred inflows</u>		
Pension	459,363	54,336
OPEB	<u>144,806</u>	<u>-</u>
Total deferred inflows	<u>604,169</u>	<u>54,336</u>
<u>Net Position</u>		
Investment in capital assets	95,022	52,185
Restricted	329,391	286,997
Unrestricted (deficit)	<u>(1,490,997)</u>	<u>(1,347,938)</u>
Total net position (deficit)	<u>\$ (1,066,584)</u>	<u>\$ (1,008,756)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

The net pension liability (NPL) is the largest single liability reported by the District at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the District 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 these liabilities. 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 Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan 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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from a deficit \$15,165 to a deficit of \$1,008,756.

Total net position decreased \$57,828 or 5.73%. The net investment in capital assets of \$95,022 represents the District's net capital assets, less any outstanding borrowings used to acquire those assets. Another \$329,391 represents net position that is subject to external restrictions on its use. The remaining balance of unrestricted net position is a deficit of \$1,490,997. The deficit is a result of reporting the District's share of the pension systems' net pension liability and net OPEB liability, and the related deferred inflows/outflows of resources.

At year-end, capital assets represented 4.61% of total assets. Capital assets include furniture, fixtures and equipment, and vehicles. Capital assets at December 31, 2018 were \$95,022.

The table below shows the changes in net position for 2018 and 2017. The December 31, 2017 net position has been restated as described in Note 3.

	Change in Net Position		
	<u>2018</u>	<u>Restated 2017</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 1,557,072	\$ 1,509,599	3.14 %
Operating grants and contributions	753,918	662,401	13.82 %
General revenues:			
Property taxes	466,554	466,554	- %
Grants and entitlements	132,913	253,560	(47.58) %
Contributions and donations	10,021	-	100.00 %
Other	<u>18,526</u>	<u>14,829</u>	24.93 %
Total revenues	<u>2,939,004</u>	<u>2,906,943</u>	1.10 %
<u>Expenses</u>			
Program expenses:			
Health:			
Environmental health	1,053,773	895,120	17.72 %
Community health services	1,345,839	1,092,024	23.24 %
Health promotion and planning	310,466	312,207	(0.56) %
Administration	<u>286,754</u>	<u>757,611</u>	(62.15) %
Total expenses	<u>2,996,832</u>	<u>3,056,962</u>	(1.97) %
Change in net position	(57,828)	(150,019)	(61.45) %
Net position (deficit) at beginning of year	<u>(1,008,756)</u>	<u>N/A</u>	
Net position (deficit) at end of year (restated)	<u>\$ (1,066,584)</u>	<u>\$ (1,008,756)</u>	N/A %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$13,929 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$47,774.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities
Total 2018 program expenses under GASB 75	\$ 2,996,832
OPEB expense under GASB 75	(47,774)
Adjusted 2018 program expenses	2,949,058
Total 2017 program expenses under GASB 45	3,056,962
Increase (decrease) in program expenses not related to OPEB	\$ (107,904)

Governmental Activities

Governmental activities net position decreased \$57,828 in 2018. Community health services accounted for \$1,345,839 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 \$336,454 in direct charges to users of the services. Environmental health accounted for \$1,053,773 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 \$836,791 in direct charges to users of the services.

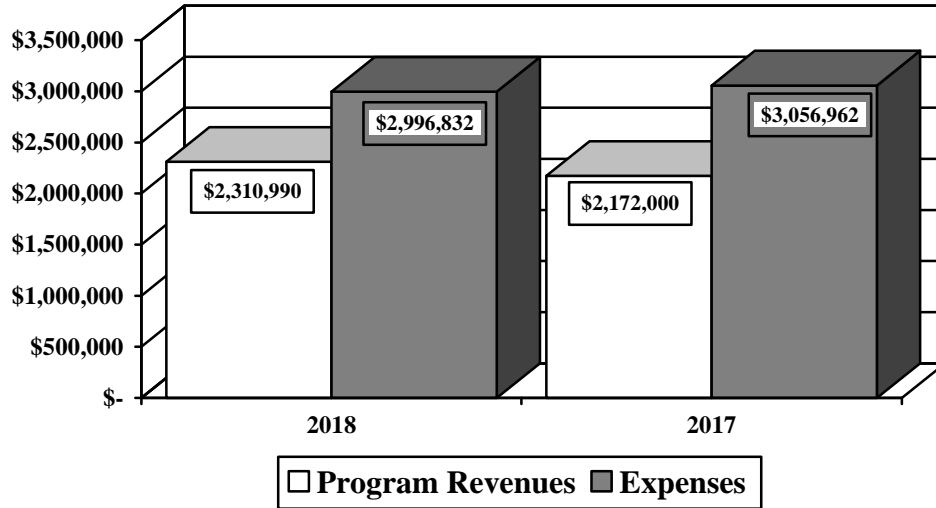
The State and federal government contributed to the District a total of \$753,918 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$25,422 subsidized environmental health programs, \$524,671 subsidized community health services programs and \$203,825 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 \$628,014 and amounted to 21.37% 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 \$132,913.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Governmental Activities - Program Revenues vs. Total Expenses



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

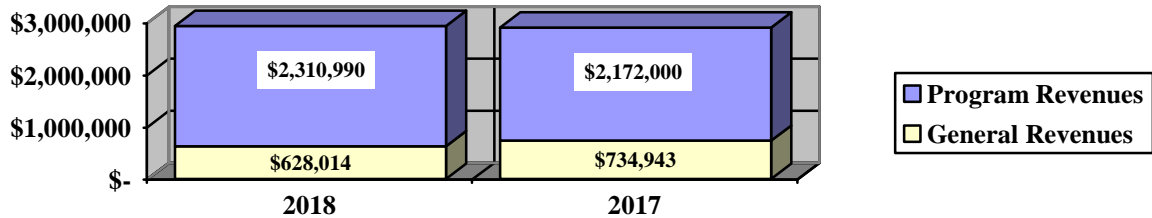
	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program expenses:				
Environmental health	\$ 1,053,773	\$ 191,560	\$ 895,120	\$ 118,775
Community health services	1,345,839	484,714	1,092,024	79,956
Health promotion and planning	310,466	(30,440)	312,207	78,693
Administration	<u>286,754</u>	<u>40,008</u>	<u>757,611</u>	<u>607,538</u>
Total	<u><u>\$ 2,996,832</u></u>	<u><u>\$ 685,842</u></u>	<u><u>\$ 3,056,962</u></u>	<u><u>\$ 884,962</u></u>

The dependence upon program revenues for governmental activities is apparent, with 77.11% of expenses supported through program revenues.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 16) reported a combined fund balance of \$1,527,687 which is \$12,049 more than last year's total of \$1,515,638. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2018 for all major and nonmajor governmental funds.

	Fund Balances 12/31/18	Fund Balances 12/31/17	Change
Major fund:			
General	\$ 805,141	\$ 916,681	\$ (111,540)
Women, infants & children	133,048	129,858	3,190
Bioterrorism grant	59,827	7,424	52,403
Landfill/c & dd disposal	301,759	272,320	29,439
Other nonmajor governmental funds	<u>227,912</u>	<u>189,355</u>	<u>38,557</u>
Total	<u>\$ 1,527,687</u>	<u>\$ 1,515,638</u>	<u>\$ 12,049</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

General Fund

The District's general fund balance decreased \$111,540. The table that follows assists in illustrating the revenues of the general fund.

	2018 Amount	2017 Amount	Percentage Change
<u>Revenues</u>			
Taxes	\$ 466,554	\$ 466,554	- %
Charges for services	396,873	390,349	1.67 %
Licenses and permits	517,001	486,457	6.28 %
Intergovernmental	132,913	253,560	(47.58) %
Contributions and donations	10,021	-	100.00 %
Other	<u>8,020</u>	<u>4,568</u>	<u>75.57 %</u>
Total	<u>\$ 1,531,382</u>	<u>\$ 1,601,488</u>	(4.38) %

Tax revenue is one of the main revenues sources, comprising 30.47% of all general fund revenue. Licenses and permits increased 6.28% during the year primarily due to an increase in sewage licenses and permits issued during 2018. Intergovernmental revenues decreased 47.58% during the year primarily due to a decrease in OWDA grant revenue.

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

	2018 Amount	2017 Amount	Percentage Change
<u>Expenditures</u>			
Environmental health	\$ 210,612	\$ 227,537	(7.44) %
Community health services	317,566	356,234	(10.85) %
Health promotion and planning	85,397	87,148	(2.01) %
Administration	265,387	682,167	(61.10) %
Claims	<u>597,360</u>	<u>-</u>	<u>100.00 %</u>
Total	<u>\$ 1,476,322</u>	<u>\$ 1,353,086</u>	9.11 %

The decrease in expenditures for environmental health, community health services and health promotion and planning is due to new expenditures in 2017 for the repair and replacement of septic systems throughout Fairfield County no longer being recorded. The decrease in administration expenditures is a result of reclassifying claims expenditures. Claims expenditures are related to the District's self-insurance program for medical, prescription drug, and dental benefits. Overall, the general fund had an increase in expenditures of 9.11%.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Women, Infants and Children Fund

The women, infants and children fund, a District major fund, had \$443,937 in revenues and \$440,747 in expenditures. During 2018, the women, infants and children fund balance increased \$3,190 from a balance of \$129,858 to a fund balance of \$133,048.

Bioterrorism Grant Fund

The bioterrorism grant fund, a District major fund, had \$174,805 in revenues and \$122,402 in expenditures. During 2018, the bioterrorism grant fund balance increased \$52,403 from a balance of \$7,424 to a fund balance of \$59,827.

Landfill/C & DD Disposal Fund

The landfill/c & dd disposal fund, a District major fund, had \$211,545 in revenues and \$182,106 in expenditures. During 2018, the landfill/c & dd disposal fund balance increased \$29,439 from a balance of \$272,320 to a fund balance of \$301,759.

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 2018, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$1,265,907 and final budgeted revenues were \$1,436,357. Actual revenues for 2018 were \$1,526,814. This represents a \$90,457 increase from final budgeted revenues.

General fund original appropriations and other financing uses totaled \$1,275,302 and final appropriations and other financing uses totaled \$1,660,753. The actual budget basis expenditures and other financing uses for 2018 totaled \$1,571,460, which was \$89,293 less than the final budget appropriations.

Capital Assets

At the end of 2018, the District had \$95,022 (net of accumulated depreciation) invested in furniture, fixtures and equipment, and vehicles. The following table shows 2018 balances compared to 2017:

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

	Governmental Activities	
	2018	2017
Furniture, fixtures and equipment	\$ 50,307	\$ 24,285
Vehicles	44,715	27,900
Total	\$ 95,022	\$ 52,185

The overall increase in capital assets of \$42,837 is the result of additions of \$58,067 exceeding depreciation expense of \$15,230 during 2018.

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, 2018**

Economic Factors and Next Year's Budget

The health department maintained a staff of approximately 30 during 2018. The Board awarded all qualifying employees a 2% salary increase in 2018.

Lancaster's contract with the health department for 2018 was \$294,936 and will increase to \$309,680 for 2019. The contribution of the District Advisory Council for 2018 was \$466,554 and will increase to \$489,882 for 2019. In 2018, the health department provided plumbing inspections in Hocking County, this service will continue in 2019.

The health department's 2019 grant revenue is expected to remain about the same as in 2018 for most of our grants. The health department received an award for WPCLF funds in the amount of \$200,000 for 2018 and \$150,000 for 2019.

Any shortfalls in funding for 2019 will be covered by the \$973,290 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, 2018

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 1,839,146
Receivables:	
Accounts	31,649
Intergovernmental	70,779
Prepayments	23,931
Capital assets:	
Depreciable capital assets, net	95,022
Total capital assets, net	95,022
 Total assets	 2,060,527
Deferred outflows of resources:	
Pension	349,748
OPEB	71,219
Total deferred outflows of resources	420,967
 Total assets and deferred outflows of resources .	 2,481,494
Liabilities:	
Accounts payable	81,930
Accrued wages and benefits payable	76,910
Intergovernmental payable	223,686
Claims payable.	43,087
Long-term liabilities:	
Due within one year	103,861
Due in more than one year:	
Net pension liability	1,398,112
Net OPEB liability	967,778
Other amounts due in more than one year. . .	48,545
Total liabilities	2,943,909
Deferred inflows of resources:	
Pension	459,363
OPEB.	144,806
 Total deferred inflows of resources	 604,169
 Total liabilities and deferred inflows of resources.	 3,548,078
Net position:	
Investment in capital assets	95,022
Restricted for:	
Landfill C&DD disposal	274,736
Other purposes	54,655
Unrestricted (deficit)	(1,490,997)
 Total net position (deficit)	 \$ (1,066,584)

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, 2018

		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	\$ 1,053,773	\$ 836,791	\$ 25,422	\$ (191,560)
Community health services	1,345,839	336,454	524,671	(484,714)
Health promotion and planning	310,466	137,081	203,825	30,440
Administration	286,754	246,746	-	(40,008)
Total governmental activities	\$ 2,996,832	\$ 1,557,072	\$ 753,918	(685,842)
 General revenues:				
Property taxes levied for:				
General purposes				466,554
Grants and entitlements not restricted to specific programs				132,913
Contributions and donations				10,021
Miscellaneous				18,526
Total general revenues				628,014
Change in net position				(57,828)
Net position at beginning of year (restated)				(1,008,756)
Net position (deficit) at end of year				\$ (1,066,584)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	<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	\$ 1,129,893	\$ 119,447	\$ 60,087	\$ 316,873	\$ 212,846	\$ 1,839,146
Receivables:						
Accounts	-	-	-	-	31,649	31,649
Due from other governments.	4,223	33,338	5,920	-	27,298	70,779
Prepayments	15,631	2,766	914	333	4,287	23,931
Total assets	<u>\$ 1,149,747</u>	<u>\$ 155,551</u>	<u>\$ 66,921</u>	<u>\$ 317,206</u>	<u>\$ 276,080</u>	<u>\$ 1,965,505</u>
Liabilities:						
Accounts payable	\$ 73,687	\$ 281	\$ 150	\$ 17	\$ 7,795	\$ 81,930
Accrued wages and benefits payable	35,378	16,669	5,269	818	18,776	76,910
Compensated absences payable	-	-	-	-	12,205	12,205
Intergovernmental payable	192,454	5,553	1,675	14,612	9,392	223,686
Claims payable	43,087	-	-	-	-	43,087
Total liabilities	<u>344,606</u>	<u>22,503</u>	<u>7,094</u>	<u>15,447</u>	<u>48,168</u>	<u>437,818</u>
Fund balances:						
Nonspendable	15,631	2,766	914	333	4,287	23,931
Restricted.	-	130,282	58,913	301,426	142,531	633,152
Committed	-	-	-	-	95,861	95,861
Assigned	311,661	-	-	-	-	311,661
Unassigned (deficit)	477,849	-	-	-	(14,767)	463,082
Total fund balances.	<u>805,141</u>	<u>133,048</u>	<u>59,827</u>	<u>301,759</u>	<u>227,912</u>	<u>1,527,687</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,149,747</u>	<u>\$ 155,551</u>	<u>\$ 66,921</u>	<u>\$ 317,206</u>	<u>\$ 276,080</u>	<u>\$ 1,965,505</u>

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, 2018

Total governmental fund balances		\$	1,527,687
<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.			95,022
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	349,748		
Deferred inflows of resources	(459,363)		
Net pension liability	(1,398,112)		
Total	(1,398,112)		(1,507,727)
The net OPEB 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	71,219		
Deferred inflows of resources	(144,806)		
Net OPEB liability	(967,778)		
Total	(967,778)		(1,041,365)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences			(140,201)
Net position (deficit) of governmental activities		\$	(1,066,584)

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, 2018

	<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	396,873	-	-	150,200	107,632	654,705
Licenses and permits	517,001	-	-	61,250	324,116	902,367
Intergovernmental	132,913	439,290	173,733	-	139,066	885,002
Investment income	-	1,581	248	-	-	1,829
Contributions and donations	10,021	-	-	-	-	10,021
Other	8,020	3,066	824	95	6,521	18,526
Total revenues	<u>1,531,382</u>	<u>443,937</u>	<u>174,805</u>	<u>211,545</u>	<u>577,335</u>	<u>2,939,004</u>
Expenditures:						
Current:						
Environmental health	210,612	-	-	182,106	415,658	808,376
Community health services	317,566	440,747	-	-	258,865	1,017,178
Health promotion and planning	85,397	-	122,402	-	30,855	238,654
Administration	265,387	-	-	-	-	265,387
Claims	597,360	-	-	-	-	597,360
Total expenditures	<u>1,476,322</u>	<u>440,747</u>	<u>122,402</u>	<u>182,106</u>	<u>705,378</u>	<u>2,926,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,060</u>	<u>3,190</u>	<u>52,403</u>	<u>29,439</u>	<u>(128,043)</u>	<u>12,049</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	166,600	166,600
Transfers (out)	(166,600)	-	-	-	-	(166,600)
Total other financing sources (uses)	<u>(166,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>166,600</u>	<u>-</u>
Net change in fund balances	<u>(111,540)</u>	<u>3,190</u>	<u>52,403</u>	<u>29,439</u>	<u>38,557</u>	<u>12,049</u>
Fund balances at beginning 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>
Fund balances at end of year	<u>\$ 805,141</u>	<u>\$ 133,048</u>	<u>\$ 59,827</u>	<u>\$ 301,759</u>	<u>\$ 227,912</u>	<u>\$ 1,527,687</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, 2018

Net change in fund balances - total governmental funds	\$	12,049
 <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	\$ 58,067	
Current year depreciation	<u>(15,230)</u>	
Total		42,837
 Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		176,074
 Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(254,908)	
OPEB	<u>(47,774)</u>	
		(302,682)
 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>13,894</u>
Change in net position of governmental activities	\$	<u><u>(57,828)</u></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, 2018

	<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	345,772	386,043	394,561	8,518
Licenses and permits	418,986	420,936	517,001	96,065
Intergovernmental	31,800	150,088	130,657	(19,431)
Contributions and donations	-	9,941	10,021	80
Other	2,795	2,795	8,020	5,225
Total revenues	<u>1,265,907</u>	<u>1,436,357</u>	<u>1,526,814</u>	<u>90,457</u>
Expenditures:				
Current:				
Health:				
Environmental health	143,559	261,449	249,440	12,009
Community health services	308,630	409,928	375,319	34,609
Health promotion and planning	54,942	97,298	94,948	2,350
Administration	238,308	278,591	238,266	40,325
Claims	446,887	446,887	446,887	-
Total expenditures	<u>1,192,326</u>	<u>1,494,153</u>	<u>1,404,860</u>	<u>89,293</u>
Excess (deficiency) of revenues over (under) expenditures	<u>73,581</u>	<u>(57,796)</u>	<u>121,954</u>	<u>179,750</u>
Other financing uses:				
Transfers (out)	(82,976)	(166,600)	(166,600)	-
Total other financing uses	<u>(82,976)</u>	<u>(166,600)</u>	<u>(166,600)</u>	<u>-</u>
Net change in fund balances	(9,395)	(224,396)	(44,646)	179,750
Fund balances at beginning of year	867,181	867,181	867,181	-
Prior year encumbrances appropriated	150,755	150,755	150,755	-
Fund balance at end of year	<u>\$ 1,008,541</u>	<u>\$ 793,540</u>	<u>\$ 973,290</u>	<u>\$ 179,750</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 446,196	\$ 446,196	\$ 405,952	\$ (40,244)
Investment income.	-	-	1,581	1,581
Other	-	-	3,066	3,066
Total revenues	<u>446,196</u>	<u>446,196</u>	<u>410,599</u>	<u>(35,597)</u>
Expenditures:				
Current:				
Health:				
Community health services	446,196	446,911	415,173	31,738
Total expenditures	<u>446,196</u>	<u>446,911</u>	<u>415,173</u>	<u>31,738</u>
Net change in fund balances	-	(715)	(4,574)	(3,859)
Fund balances at beginning of year	121,504	121,504	121,504	-
Prior year encumbrances appropriated . .	1,294	1,294	1,294	-
Fund balance at end of year	<u>\$ 122,798</u>	<u>\$ 122,083</u>	<u>\$ 118,224</u>	<u>\$ (3,859)</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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 125,000	\$ 125,000	\$ 169,591	\$ 44,591
Investment income	-	-	248	248
Other	-	-	824	824
Total revenues	<u>125,000</u>	<u>125,000</u>	<u>170,663</u>	<u>45,663</u>
Expenditures:				
Current:				
Health:				
Health promotion and planning	138,493	138,556	124,131	14,425
Total expenditures	<u>138,493</u>	<u>138,556</u>	<u>124,131</u>	<u>14,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,493)</u>	<u>(13,556)</u>	<u>46,532</u>	<u>60,088</u>
Other financing sources:				
Transfers in	13,493	13,493	-	(13,493)
Total other financing sources	<u>13,493</u>	<u>13,493</u>	<u>-</u>	<u>(13,493)</u>
Net change in fund balances	-	(63)	46,532	46,595
Fund balances at beginning of year . . .	12,765	12,765	12,765	-
Prior year encumbrances appropriated .	268	268	268	-
Fund balance at end of year	<u>\$ 13,033</u>	<u>\$ 12,970</u>	<u>\$ 59,565</u>	<u>\$ 46,595</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, 2018

	<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	\$ 114,035	\$ 114,035	\$ 150,200	\$ 36,165
Licenses and permits	61,050	61,050	61,250	200
Other	-	-	95	95
Total revenues	<u>175,085</u>	<u>175,085</u>	<u>211,545</u>	<u>36,460</u>
Expenditures:				
Current:				
Health:				
Environmental health	175,085	206,692	203,822	2,870
Total expenditures	<u>175,085</u>	<u>206,692</u>	<u>203,822</u>	<u>2,870</u>
Net change in fund balances	-	(31,607)	7,723	39,330
Fund balances at beginning of year	266,790	266,790	266,790	-
Prior year encumbrances appropriated . .	23,577	23,577	23,577	-
Fund balance at end of year	<u>\$ 290,367</u>	<u>\$ 258,760</u>	<u>\$ 298,090</u>	<u>\$ 39,330</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, 2018**

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, 2018

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, 2018

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 Notes 9 and 10 for deferred outflows of resources related the District's net pension liability and net OPEB liability, respectively.

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 Notes 9 and 10 for deferred inflows of resources related to the District's net pension liability and net OPEB liability, respectively. 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, 2018**

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 the 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, 2018

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, 2018

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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

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.

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 2018.

P. Pensions/Other Postemployment Benefits (OPEB)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the District has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the District's postemployment benefit plan disclosures, as presented in Note 10 to the basic financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at January 1, 2018 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ (15,165)
Deferred outflows - payments subsequent to measurement date	13,929
Net OPEB liability	<u>(1,007,520)</u>
Restated net position at January 1, 2018	<u>\$ (1,008,756)</u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2018 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Trailer Park	\$ 203
Food Service	11,507
Solid Waste	1,229

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

NOTE 4 - RECEIVABLES

Receivables at December 31, 2018 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	\$ 4,223	\$ -
Women, infants and children fund	33,338	-
Bioterrorism grant	5,920	-
Nonmajor governmental	<u>27,298</u>	<u>31,649</u>
Total receivables	<u>\$ 70,779</u>	<u>\$ 31,649</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance			Balance
<u>Governmental activities:</u>	<u>12/31/17</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/18</u>
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures and equipment	\$ 87,724	\$ 32,495	\$ -	\$ 120,219
Vehicles	<u>126,721</u>	<u>25,572</u>	<u>-</u>	<u>152,293</u>
Total capital assets, being depreciated	<u>214,445</u>	<u>58,067</u>	<u>-</u>	<u>272,512</u>
<i>Less: accumulated depreciation:</i>				
Furniture, fixtures and equipment	(63,439)	(6,473)	-	(69,912)
Vehicles	<u>(98,821)</u>	<u>(8,757)</u>	<u>-</u>	<u>(107,578)</u>
Total accumulated depreciation	<u>(162,260)</u>	<u>(15,230)</u>	<u>-</u>	<u>(177,490)</u>
Total capital assets being depreciated, net	<u>52,185</u>	<u>42,837</u>	<u>-</u>	<u>95,022</u>
Governmental activities capital assets, net	<u>\$ 52,185</u>	<u>\$ 42,837</u>	<u>\$ -</u>	<u>\$ 95,022</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
Environmental health	\$ 8,757
Administration	4,286
Health promotion and planning	<u>2,187</u>
Total depreciation expense - governmental activities	<u>\$ 15,230</u>

NOTE 6 - LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations during the year consisted of the following. The long-term obligations at December 31, 2017 have been restated as described in Note 3.

Governmental activities:	Restated Balance <u>12/31/17</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/18</u>	Due Within <u>One Year</u>
Compensated absences	\$ 177,471	\$ 97,639	\$ (122,704)	\$ 152,406	\$ 103,861
Net pension liability	2,303,030	-	(904,918)	1,398,112	-
Net OPEB liability	<u>1,007,520</u>	<u>-</u>	<u>(39,742)</u>	<u>967,778</u>	<u>-</u>
Total governmental-type long-term obligations	<u>\$ 3,488,021</u>	<u>\$ 97,639</u>	<u>\$ (1,067,364)</u>	<u>\$ 2,518,296</u>	<u>\$ 103,861</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 6 - LONG-TERM OBLIGATIONS - (Continued)

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

Net pension liability and net OPEB liability: See Notes 9 and 10 for more details.

NOTE 7 - INTERFUND TRANSACTIONS

Interfund Transfers

Transfers made during the year were as follows:

<u>Transfer to</u>	<u>Transfers From</u>
	<u>General Fund</u>
Nonmajor governmental funds	\$ 166,600

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

A. Comprehensive

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 Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

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

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

Financial Position

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 - RISK MANAGEMENT - (Continued)

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

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately \$7,000.

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

<u>Contributions to PEP</u>	
2017	\$ 10,627
2018	10,751

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.

B. Medical and Dental

As of January 1, 2018, the District provides a medical, prescription drug, and dental insurance program for its employees. For medical insurance, the District joined Jefferson Health Plan Health Benefits Program, a claims servicing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The District joined the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool, for Dental insurance. The District's medical, prescription drug, and dental are all considered self-insured due to the District retaining the risk. Dental claims are paid by the District to the SCOIC. SCOIC contracted with Employee Benefits Management Corporation for servicing of claims. The District contracts with Medical Mutual to process medical claims payments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 8 - RISK MANAGEMENT - (Continued)

The District had shared risk pool coverage through Jefferson Health Plan for individual claims in excess of \$150,000 up to \$1,500,000 per employee per year for medical and prescription claims. The Jefferson Health Plan has a stop loss coverage insurance policy through Sun Life which covered individual claims in excess of \$1,500,000 per employee per year for medical and prescription claims.

The District has no stop loss coverage for the dental claims. The maximum dental benefit per covered person is \$1,500 per calendar year. The premiums paid into the general fund are used for claims, claim reserves, and administrative costs. The general fund presented in the financial statements reflects the premiums paid into the self-insurance general fund by the same funds that pay the employees' salaries. The District pays monthly medical premiums of up to \$3,010 for employees for family plus five children coverage and up to \$809 for employees for single coverage of which the employees are responsible for 10 percent of the medical premium. The District pays monthly dental premiums of up to \$121 for family and \$34 for single coverage for employees.

The claims liability of \$43,087 reported in the general fund at December 31, 2018, is based on the requirements of Governmental Accounting Standards Board Statement Number 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate provided by an actuary for medical and dental claims. The full amount of claims payable is presented as current liabilities because it is expected to be paid within the following fiscal year. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years, including medical, surgical, prescription drug, and dental are as follows:

	<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
<u>Medical:</u>	2018	\$ -	\$193,339	(\$150,299)	\$ 43,040
<u>Dental:</u>	2018	-	220	(173)	47

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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/asset 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.

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.

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	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
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

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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%.

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
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, the Combined Plan and Member-Directed Plan was \$176,074 for 2018. Of this amount, \$25,948 is reported as an intergovernmental payable.

Net 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, 2017, 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's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>
Proportion of the net pension liability/asset prior measurement date	0.01014200%
Proportion of the net pension liability/asset current measurement date	<u>0.00891200%</u>
Change in proportionate share	<u>-0.00123000%</u>
Proportionate share of the net pension liability	\$ 1,398,112
Pension expense	254,908

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS - Traditional</u>
Deferred outflows of resources	
Differences between expected and actual experience	\$ 1,428
Changes of assumptions	167,084
Changes in employer's proportionate percentage/ difference between employer contributions	5,162
District contributions subsequent to the measurement date	176,074
Total deferred outflows of resources	<u><u>\$ 349,748</u></u>

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional
Deferred inflows of resources	
Differences between expected and actual experience	\$ 27,553
Net difference between projected and actual earnings on pension plan investments	300,156
Changes in employer's proportionate percentage/ difference between employer contributions	131,654
Total deferred inflows of resources	\$ 459,363

\$176,074 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, 2019.

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

	OPERS - Traditional
Year Ending December 31:	
2019	\$ 54,398
2020	(84,577)
2021	(132,171)
2022	(123,339)
Total	\$ (285,689)

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.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

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

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. 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 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. 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 was 16.82% for 2017.

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 2017 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, 2018

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 %	2.20 %
Domestic equities	19.00	6.37
Real estate	10.00	5.26
Private equity	10.00	8.97
International equities	20.00	7.88
Other investments	18.00	5.26
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. 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 (asset):			
Traditional Pension Plan	\$ 2,482,691	\$ 1,398,112	\$ 493,900

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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 postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution was \$0 for 2018.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The District's proportion of the net OPEB liability was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

	OPERS
Proportion of the net OPEB liability prior measurement date	0.00997500%
Proportion of the net OPEB liability current measurement date	<u>0.00891200%</u>
Change in proportionate share	<u>-0.00106300%</u>
Proportionate share of the net OPEB liability	\$ 967,778
OPEB expense	\$ 47,774

At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows of resources	
Differences between expected and actual experience	\$ 754
Changes of assumptions	70,465
Total deferred outflows of resources	<u><u>\$ 71,219</u></u>
Deferred inflows of resources	
Net difference between projected and actual earnings on pension plan investments	\$ 72,093
Changes in employer's proportionate percentage/ difference between employer contributions	72,713
Total deferred inflows of resources	<u><u>\$ 144,806</u></u>

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	OPERS
Year Ending December 31:	
2019	\$ (18,739)
2020	(18,739)
2021	(18,085)
2022	(18,023)
2023	(1)
Total	\$ (73,587)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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FAIRFIELD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

The long-term expected rate of return on health care 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 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. 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 Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
District's proportionate share of the net OPEB liability	\$ 1,285,734	\$ 967,778	\$ 710,554

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB liability	\$ 925,957	\$ 967,778	\$ 1,010,977

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

District Employees earn vacation and sick leave at varying rates depending on length of service and department policy. Any accumulated unused vacation, sick, and compensatory time is paid to a terminated employee at various rates depending on length of service and department policy.

B. Dental and Life Insurance

The District is a member of the South Central Ohio Insurance Consortium Health Benefit Plan for dental insurance coverage. Life insurance is provided through Dearborn Life 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 restricted, committed, or assigned 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, 2018

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	\$ (44,646)	\$ (4,574)	\$ 46,532	\$ 7,723
Net adjustment for revenue accruals	4,568	33,338	4,142	-
Net adjustment for expenditure accruals	(230,706)	(26,797)	1,207	2,933
Net adjustment for fund reclassification	(1,227)	-	-	-
Encumbrances	<u>160,471</u>	<u>1,223</u>	<u>522</u>	<u>18,783</u>
GAAP basis	<u>\$ (111,540)</u>	<u>\$ 3,190</u>	<u>\$ 52,403</u>	<u>\$ 29,439</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, 2018.

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
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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	\$ 15,631	\$ 2,766	\$ 914	\$ 333	\$ 4,287	\$ 23,931
Total nonspendable	<u>15,631</u>	<u>2,766</u>	<u>914</u>	<u>333</u>	<u>4,287</u>	<u>23,931</u>
Restricted:						
State Grant WIC	-	130,282	-	-	-	130,282
Bioterrorism grant	-	-	58,913	-	-	58,913
Landfill/C&DD disposal	-	-	-	301,426	-	301,426
Other purposes	-	-	-	-	142,531	142,531
Total restricted	<u>-</u>	<u>130,282</u>	<u>58,913</u>	<u>301,426</u>	<u>142,531</u>	<u>633,152</u>
Committed:						
Other purposes	-	-	-	-	95,861	95,861
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,861</u>	<u>95,861</u>
Assigned:						
Environmental health	21,033	-	-	-	-	21,033
Community health services	10,177	-	-	-	-	10,177
Health promotion & planning	18,318	-	-	-	-	18,318
Administrative	18,318	-	-	-	-	18,318
Subsequent year appropriations	243,815	-	-	-	-	243,815
Total assigned	<u>311,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>311,661</u>
Unassigned (deficit)	<u>477,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,767)</u>	<u>463,082</u>
Total fund balances	<u>\$ 805,141</u>	<u>\$ 133,048</u>	<u>\$ 59,827</u>	<u>\$ 301,759</u>	<u>\$ 227,912</u>	<u>\$ 1,527,687</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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	\$ 160,471
WIC	1,223
Bioterrorism	522
Landfill	18,783
Nonmajor	<u>9,183</u>
 Total	 <u>\$ 190,182</u>

NOTE 16 – OHIO DEPARTMENT OF HEALTH FUNDS

During the year ended December 31, 2018, 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(s)	02310011WA1118 02310011WA1219	02310012PH0918 02310012PH1019	02310011MP0218	02310012IM0517 02310012GV0119	1805OH05ADM 1905OH05ADM
Federal Expenditures	\$ 410,311	\$ 173,733	\$ 20,810	\$ 34,551	\$ 24,994

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

<i>Traditional Plan:</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.008912%	0.010142%	0.010699%	0.010273%	0.010273%
District's proportionate share of the net pension liability	\$ 1,398,112	\$ 2,303,030	\$ 1,853,172	\$ 1,239,064	\$ 1,211,077
District's covered payroll	\$ 1,392,892	\$ 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 payroll	100.37%	164.62%	102.53%	99.68%	103.93%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	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 for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 176,074	\$ 181,076	\$ 167,882	\$ 216,891
Contributions in relation to the contractually required contribution	<u>(176,074)</u>	<u>(181,076)</u>	<u>(167,882)</u>	<u>(216,891)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,257,671	\$ 1,392,892	\$ 1,399,017	\$ 1,807,425
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 149,162	\$ 151,491	\$ 90,066	\$ 114,434	\$ 170,755	\$ 166,196
<u>(149,162)</u>	<u>(151,491)</u>	<u>(90,066)</u>	<u>(114,434)</u>	<u>(170,755)</u>	<u>(166,196)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,243,017	\$ 1,165,315	\$ 900,660	\$ 1,144,340	\$ 1,915,009	\$ 2,045,489
12.00%	13.00%	10.00%	10.00%	8.92%	8.13%

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS

	2018	2017
District's proportion of the net OPEB liability	0.008912%	0.009975%
District's proportionate share of the net OPEB liability	\$ 967,778	\$ 1,007,520
District's covered payroll	\$ 1,392,892	\$ 1,399,017
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	69.48%	72.02%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2018	2017	2016	2015
Contractually required contribution	\$ -	\$ 13,929	\$ 27,980	\$ 36,149
Contributions in relation to the contractually required contribution	-	(13,929)	(27,980)	(36,149)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,257,671	\$ 1,392,892	\$ 1,399,017	\$ 1,807,425
Contributions as a percentage of covered payroll	0.00%	1.00%	2.00%	2.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 24,889	\$ 11,653	\$ 68,541	\$ 87,085	\$ 97,346	\$ 118,414
<u>(24,889)</u>	<u>(11,653)</u>	<u>(68,541)</u>	<u>(87,085)</u>	<u>(97,346)</u>	<u>(118,414)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,243,017	\$ 1,165,315	\$ 900,660	\$ 1,144,340	\$ 1,915,009	\$ 2,045,489
2.00%	1.00%	7.61%	7.61%	5.08%	5.79%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

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%. There were no changes in assumptions for 2018.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

OHIO AUDITOR OF STATE KEITH FABER



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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, (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 9, 2019, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. 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.



Keith Faber
Auditor of State

Columbus, Ohio

October 9, 2019

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Financial Statement Presentation- Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The Health District lacked application controls over its self-insurance activity and the preparation of its financial statements. Due to the lack of internal controls in place, the following adjustments were material to the District's financial statements ending December 31, 2018 and were posted to the financial statements:

- The reclassification of self-insurance expenditures in the General fund from Administration expenditures to Claims expenditures in the amount of \$446,887.
- To record an intergovernmental payable in the General fund in the amount of \$150,473 and the corresponding expenditures for amounts owed to the Jefferson Health Plan.

Additional variances were identified ranging between \$7,640 and \$14,055 which were not adjusted in the financial statements.

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Health and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Although the District has implemented various controls over financial reporting and monitoring controls over self-insurance activity, the existence of audit adjustments suggest controls may not be effective or operating as management intended.

The Fiscal Officer and the Board of Health should ensure adequate controls are in place over the self-insurance activity and review the financial statements as prepared in accordance with Generally Accepted Accounting Principles to help ensure controls function as intended allowing any misstatements to be detected and corrected in future reports.

Officials' Response: Refer to Corrective Action Plan.

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2018

Finding Number: 2018-001
Planned Corrective Action: Fairfield Department of Health will ensure that self-insurance expenditures are classified as claims expenditures and that intergovernmental payables for amounts owed to the Jefferson Health Plan are properly recorded.
Anticipated Completion Date: 11/30/2019
Responsible Contact Person: Jamie Ehorn, Fiscal Officer

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Public Health
Prevent. Promote. Protect.

Fairfield Department of Health

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Accounting for Parks, Campgrounds and Pools – Noncompliance Ohio Rev. Code § 3729.07 and Ohio Rev. Code § 3749.04	Fully Corrected	This has been corrected.

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OHIO AUDITOR OF STATE KEITH FABER



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
NOVEMBER 19, 2019**