



Dave Yost • Auditor of State

**ROSS COUNTY HEALTH DISTRICT
ROSS COUNTY**

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ROSS COUNTY HEALTH DISTRICT
ROSS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Ross County Health District
Ross County
150 E Second St
Chillicothe, Ohio 45601

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ross County Health District, Ross County, Ohio (the District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Ross County Health District, Ross County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparisons for the General, WIC Benefit Reserve, MAC, and Help Me Grow Home Visiting funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental Information

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

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

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

October 18, 2016

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Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

This discussion and analysis of the Ross County Health District's (the District) financial performance provides an overall review of the District's financial activities for the year ended December 31, 2015, within the limitations of the District's cash basis of accounting. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Highlights

Key highlights for 2015 are as follows:

There was a decrease in net position from 2014 to 2015 of \$283,768.

The District's receipts are primarily from charges for services, operating grants and contributions, unrestricted intergovernmental receipts, and property taxes. These receipts represent over 99 percent of the total cash received for governmental activities during 2015. The remaining receipts are payments received in lieu of taxes and miscellaneous receipts.

The District's disbursements are primarily comprised of children's health, community health, administrative services, and home health with \$830,521, \$1,058,478, \$720,894, and \$2,727,869, respectively, disbursed for 2015.

Using the Basic Financial Statements

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

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the District as a whole.

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

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

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Reporting the District as a Whole

The statement of net position and the statement of activities reflect how the District did financially during 2015, within the limitations of the cash basis of accounting. The statement of net position presents the cash and investment balances of the governmental activities of the District at year-end. The statement of activities compares cash disbursements with program receipts for its governmental programs or functions. Program receipts include charges paid by the recipient of the program services and for grant monies received. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how its governmental activities draw from the District's general receipts.

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

In the statement of net position and the statement of activities, we report the District in one type of activity: governmental activities. All of the District's basic services are reported as governmental activities.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate the money that is restricted and that it is being spent for the intended purpose. All of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the General Fund, the WIC Benefit Reserve Fund, the MAC Fund, and the Help Me Grow Home Visiting Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the government-wide statements.

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

The District as a Whole

Table 1 provides a summary of the District's net position for 2015 compared to 2014 on the cash basis:

Table 1
Net Position

	Governmental Activities	
	2015	2014
<i>Assets:</i>		
Cash	\$19,069	\$48,419
Equity in County Treasury	308,461	562,879
Total Assets	\$327,530	\$611,298
 <i>Net Position:</i>		
Other Purposes	\$258,809	\$204,466
Capital Projects	0	500
Unrestricted	68,721	406,332
Total Net Position	\$327,530	\$611,298

As mentioned previously, net position of governmental activities decreased \$283,768 or 46 percent during 2015. This decrease is a result of disbursements in excess of receipts.

Table 2 reflects the change in net position in 2015. A comparative analysis of 2015 and 2014 is presented.

Table 2
Change in Net Position

	Governmental Activities	
	2015	2014
<i>Receipts:</i>		
Program Receipts:		
Charges for Services	\$3,303,489	\$3,077,478
Operating Grants and Contributions	1,321,362	1,182,923
Total Program Receipts	4,624,851	4,260,401
General Receipts:		
Property Taxes	1,027,991	1,027,320
Grants and Entitlements not Restricted to Specific Programs	235,405	248,085
Payments in Lieu of Taxes	994	0
Proceeds from Lease-Purchase Agreement	0	1,612,825
Proceeds from Sale of Assets	0	1,552
Miscellaneous	410	430
Total General Receipts	1,264,800	2,890,212
Total Receipts	5,889,651	7,150,613

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Table 2
Change in Net Position
(Continued)

	Governmental Activities	
	2015	2014
<i>Disbursements:</i>		
<i>Current:</i>		
Children's Health	\$830,521	\$776,503
Environmental Health	456,093	430,031
Community Health	1,058,478	941,422
Administrative Services	720,894	688,581
Home Health	2,727,869	2,544,600
Community Preparedness	176,977	163,492
Capital Outlay	45,688	1,706,208
<i>Debt Service:</i>		
Principal	117,048	0
Interest	39,851	0
Total Disbursements	6,173,419	7,250,837
<i>Change in Net Position</i>	(283,768)	(100,224)
<i>Net Position, January 1</i>	611,298	711,522
<i>Net Position, December 31</i>	\$327,530	\$611,298

Program receipts represent 79 percent of total receipts in 2015, and are comprised of charges for services collected from customers and for operating grants and contributions. General receipts represent 21 percent of the District's total receipts for 2015. These receipts consist of property taxes, unrestricted intergovernmental receipts, payments received in lieu of taxes, and miscellaneous receipts. Charges for services increased by \$226,011 due to an increase in charges for services related to the home health program. Operating grants and contributions increased by \$138,439 due to increases in various federal funding, including MAC, WIC, SOWCP, and Help Me Grow program funding. Property tax receipts increased \$671 and unrestricted grants decreased \$12,680 which were relatively consistent to the prior year. Other receipts decreased between years, but the decrease was not substantial.

Disbursements also remained relatively consistent, except that capital outlay decreased significantly due to the purchase and renovation of a building during 2014. Due to payments starting on the capital lease, principal and interest disbursements increased from 2014 to 2015.

Governmental Activities

If you look at the statement of activities, as referenced in the table of contents, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The next two columns of the statement, entitled program cash receipts, identify two types of program receipts. The first type is charges for services, which consists of amounts paid by people who are directly charged for services provided. The second type is operating grants and contributions, which consists of operating grants and contributions directly related to program services being provided. The net receipts (disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which is paid from money provided from sources other than charges for services and operating grants and contributions. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Table 3
 Governmental Activities

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Children's Health	\$830,521	\$5,653	\$776,503	\$24,603
Environmental Health	456,093	197,052	430,031	175,569
Community Health	1,058,478	513,219	941,422	515,904
Administrative Services	720,894	538,149	688,581	503,835
Home Health	2,727,869	101,775	2,544,600	65,222
Community Preparedness	176,977	(9,867)	163,492	(905)
Capital Outlay	45,688	45,688	1,706,208	1,706,208
Debt Service:				
Principal	117,048	117,048	0	0
Interest	39,851	39,851	0	0
Total Disbursements	<u>\$6,173,419</u>	<u>\$1,548,568</u>	<u>\$7,250,837</u>	<u>\$2,990,436</u>

The District's Funds

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

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

Total governmental funds had receipts and other financing sources of \$6,020,731 and disbursements and other financing uses of \$6,304,499. The General Fund balance decreased \$274,098 due to disbursements in excess of receipts. The WIC Benefit Reserve Fund balance increased \$9,468. The MAC Fund balance increased \$15,988. The Help Me Grow Home Visiting Fund balance increased \$35,196.

Budgeting Highlights

The District's budget is prepared according to Ohio law and is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During 2015, the District amended its General Fund budget to reflect changing circumstances. The District's most significant changes occurred in charges for services and intergovernmental receipts, due to increases in expectations for vital statistics and for its state subsidy.

Capital Assets

The District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$45,688 during 2015, due primarily to the renovation and equipping of a building purchased in 2014.

Debt

The District had a lease-purchase agreement outstanding as of December 31, 2015 in the amount of \$1,495,777. See notes 11 and 12 for additional information on the District's lease-purchase agreement.

Ross County Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2015
(Unaudited)

Contacting the District'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 monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mr. Adam Dyer, Chief Financial Officer, 150 E. Second Street, Chillicothe, Ohio 45601.

Ross County Health District
Statement of Net Position - Cash Basis
December 31, 2015

	<u>Governmental Activities</u>
Assets	
Cash	\$19,069
Equity in County Treasury	<u>308,461</u>
Total Assets	<u><u>\$327,530</u></u>
Net Position	
Restricted For:	
Other Purposes	\$258,809
Unrestricted	<u>68,721</u>
Total Net Position	<u><u>\$327,530</u></u>

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Current:				
Children's Health	\$830,521	\$0	\$824,868	(\$5,653)
Environmental Health	456,093	259,041	0	(197,052)
Community Health	1,058,478	250,230	295,029	(513,219)
Administrative Services	720,894	168,124	14,621	(538,149)
Home Health	2,727,869	2,626,094	0	(101,775)
Community Preparedness	176,977	0	186,844	9,867
Capital Outlay	45,688	0	0	(45,688)
Debt Service:				
Principal	117,048	0	0	(117,048)
Interest	39,851	0	0	(39,851)
Total Governmental Activities	\$6,173,419	\$3,303,489	\$1,321,362	(1,548,568)

General Receipts	
Property Taxes Levied for General Health District Purposes	1,027,991
Grants and Entitlements not Restricted to Specific Programs	235,405
Payments in Lieu of Taxes	994
Miscellaneous	410
Total General Receipts	1,264,800
Change in Net Position	(283,768)
Net Position Beginning of Year	611,298
Net Position End of Year	\$327,530

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2015

	General	WIC Benefit Reserve	MAC	Help Me Grow Home Visiting	Other Governmental Funds	Total Governmental Funds
Assets						
Cash	\$19,069	\$0	\$0	\$0	\$0	\$19,069
Equity in County Treasury	119,264	34,982	82,320	93,247	(21,352)	308,461
Total Assets	\$138,333	\$34,982	\$82,320	\$93,247	(\$21,352)	\$327,530
Fund Balances						
Restricted for:						
Children's Health	\$0	\$34,982	\$14,434	\$93,247	\$5,135	\$147,798
Environmental Health	0	0	0	0	1,242	1,242
Community Health	0	0	0	0	24,111	24,111
Community Preparedness	0	0	67,886	0	17,772	85,658
Unassigned (Deficit)	138,333	0	0	0	(69,612)	68,721
Total Fund Balances	\$138,333	\$34,982	\$82,320	\$93,247	(\$21,352)	\$327,530

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2015

	General	WIC Benefit Reserve	MAC	Help Me Grow Home Visiting	Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	\$1,027,991	\$0	\$0	\$0	\$0	\$1,027,991
Intergovernmental	250,026	9,468	50,129	115,272	1,131,872	1,556,767
Charges for Services	3,033,067	0	0	0	270,422	3,303,489
Payments in Lieu of Taxes	994	0	0	0	0	994
Miscellaneous	410	0	0	0	0	410
Total Receipts	4,312,488	9,468	50,129	115,272	1,402,294	5,889,651
Disbursements						
Current:						
Children's Health	0	0	34,141	80,076	716,304	830,521
Environmental Health	221,175	0	0	0	234,918	456,093
Community Health	622,336	0	0	0	436,142	1,058,478
Administrative Services	720,894	0	0	0	0	720,894
Home Health	2,727,869	0	0	0	0	2,727,869
Community Preparedness	0	0	0	0	176,977	176,977
Capital Outlay	32,247	0	0	0	13,441	45,688
Debt Service:						
Principal	99,887	0	0	0	17,161	117,048
Interest	34,006	0	0	0	5,845	39,851
Total Disbursements	4,458,414	0	34,141	80,076	1,600,788	6,173,419
Receipts Over (Under) Disbursements	(145,926)	9,468	15,988	35,196	(198,494)	(283,768)
Other Financing Sources (Uses)						
Transfers In	1,454	0	0	0	129,626	131,080
Transfers Out	(129,626)	0	0	0	(1,454)	(131,080)
Total Other Financing Sources (Uses)	(128,172)	0	0	0	128,172	0
Net Change in Fund Balances	(274,098)	9,468	15,988	35,196	(70,322)	(283,768)
Beginning Fund Balances, January 1	412,431	25,514	66,332	58,051	48,970	611,298
Ending Fund Balances, December 31	\$138,333	\$34,982	\$82,320	\$93,247	(\$21,352)	\$327,530

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$1,031,500	\$1,027,991	\$1,027,991	\$0
Intergovernmental	233,981	250,026	250,026	0
Charges for Services	160,000	168,124	168,124	0
Payments in Lieu of Taxes	0	994	994	0
Miscellaneous	0	410	410	0
Total Receipts	1,425,481	1,447,545	1,447,545	0
Disbursements				
Current:				
Administrative Services	814,769	720,894	720,894	0
Capital Outlay	20,000	13,188	13,188	0
Debt Service:				
Principal	0	53,412	53,412	0
Interest	0	18,184	18,184	0
Total Disbursements	834,769	805,678	805,678	0
Receipts Over Disbursements	590,712	641,867	641,867	0
Other Financing Sources (Uses)				
Transfers In	0	1,454	1,454	0
Transfers Out	(922,024)	(894,097)	(894,097)	0
Total Other Financing Sources (Uses)	(922,024)	(892,643)	(892,643)	0
Net Change in Fund Balances	(331,312)	(250,776)	(250,776)	0
Beginning Fund Balances, January 1-Restated	375,307	375,307	375,307	0
Ending Fund Balances, December 31	\$43,995	\$124,531	\$124,531	\$0

See the accompanying notes to the basic financial statements.

Ross County Health District
*Statement of Receipts, Disbursements and
 Changes in Fund Balance - Budget and Actual - Budgetary Basis
 WIC Benefit Reserve Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$0	\$9,468	\$9,468	\$0
Total Receipts	0	9,468	9,468	0
Net Change in Fund Balances	0	9,468	9,468	0
Beginning Fund Balances, January 1	25,514	25,514	25,514	0
Ending Fund Balances, December 31	<u>\$25,514</u>	<u>\$34,982</u>	<u>\$34,982</u>	<u>\$0</u>

See the accompanying notes to the basic financial statements.

Ross County Health District
Statement of Receipts, Disbursements and
Changes in Fund Balance - Budget and Actual - Budgetary Basis
MAC Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$50,754	\$50,129	\$50,129	\$0
Total Receipts	50,754	50,129	50,129	0
Disbursements				
Current:				
Children's Health	19,000	34,141	34,141	0
Community Preparedness	28,754	0	0	0
Capital Outlay	3,000	0	0	0
Total Disbursements	50,754	34,141	34,141	0
Net Change in Fund Balances	0	15,988	15,988	0
Beginning Fund Balances, January 1	66,332	66,332	66,332	0
Ending Fund Balances, December 31	<u>\$66,332</u>	<u>\$82,320</u>	<u>\$82,320</u>	<u>\$0</u>

See the accompanying notes to the basic financial statements.

Ross County Health District
*Statement of Receipts, Disbursements and
 Changes in Fund Balance - Budget and Actual - Budgetary Basis
 Help Me Grow Home Visiting Fund
 For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$50,550	\$115,272	\$115,272	\$0
Total Receipts	50,550	115,272	115,272	0
Disbursements				
Current:				
Children's Health	50,529	80,076	80,076	0
Total Disbursements	50,529	80,076	80,076	0
Net Change in Fund Balances	21	35,196	35,196	0
Beginning Fund Balances, January 1	58,051	58,051	58,051	0
Ending Fund Balances, December 31	<u>\$58,072</u>	<u>\$93,247</u>	<u>\$93,247</u>	<u>\$0</u>

See the accompanying notes to the basic financial statements.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 – Reporting Entity

The Ross County Health District, Ross County, Ohio, (the District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is responsible for the administration of all health programs established by the Ohio Revised Code, the Ohio Department of Health, and the Public Health Council. Services provided by the District include, but are not limited to, the inspection and licensing of public health programs, community nursing activities, the control of communicable diseases, immunization clinics, environmental health programs, and home health activities.

By law, the Ross County Auditor is the fiscal agent of the District.

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

Note 2 – Summary of Significant Account Policies

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

Cash

As required by the Ohio Revised Code, the County Treasurer is custodian for the District's cash. The District's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. As of December 31, 2015, the District's share of the County's cash and investment pool was \$308,461. All risks associated with deposits and investments held at the Treasurer's Office are the responsibility of Ross County. Deposit and investment disclosures for the County as a whole may be obtained from the Ross County Auditor's Office, 2 North Paint Street, Suite G, Chillicothe, Ohio 45601, (740) 702-3080.

The District maintains a bank account to hold District receipts during each month and then makes a monthly deposit to the County. The carrying amount of these deposits as of December 31, 2015 was \$19,069 and the bank balance was \$4,361. The entire balance was covered by federal depository insurance.

Fund Accounting

The District uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the District are presented in one category: governmental.

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

General Fund – The General Fund is the general operating fund. It is used to account for all financial resources of the District, except for restricted resources requiring a separate accounting. The General Fund balance is available for any purpose provided it is disbursed or transferred according to Ohio laws.

WIC Benefit Reserve Fund – The WIC Benefit Reserve Fund accounts for residual grant receipts received from the Ohio Department of Health to provide money that will be used to pay out vacation and sick leave when WIC employees retire.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

MAC Fund – The MAC Fund accounts for grant receipts received from the Ohio Department of Health. This program provides funds that support efforts to identify and enroll eligible clients into Medicaid, to bring them services covered by Medicaid, to remove barriers to accessing Medicaid services, and to reduce gaps in Medicaid services.

Help Me Grow Home Visiting Fund – The Help Me Grow Home Visiting Fund accounts for grant receipts received from the Ohio Department of Health. This program provides expectant or new parents with the information, support, and encouragement they need through voluntary, high-quality home visiting services. It aims to educate at-risk parents with the resources to understand and capitalize on the optimal early years of a child's life.

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

Basis of Presentation

The District uses the provisions of GASB 34 for financial reporting on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. The District's basic financial statements consist of government-wide statements, including a statement of net position-cash basis and statement of activities-cash basis, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

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

Fund Financial Statements

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

Basis of Accounting

The District prepares its financial statements and notes on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Cash Receipts—Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On the cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the cash basis, receipts from property taxes are recognized in the year in which the monies have been received. On the cash basis, receipts from grants, entitlements, and donations are recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. 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's Board. The District uses the object level within each fund and function as its legal level of control.

Ohio Revised Code Section 5705.28(C)(1) requires the District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the District by about June 1 (forty-five days prior to July 15). The County Auditor cannot allocate property taxes from the municipalities and townships within the District if the filing has not been made.

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

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

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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 that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriations passed by the District's Board during the year.

Capital Assets

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

Accumulated Leave

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

Net Position

Under the District's cash basis of accounting, net position equal cash balances. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for other purposes is comprised primarily of resources restricted for grants. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available. None of the District's restricted net position is restricted by enabling legislation.

Interfund Transactions

The statements report transfers between funds as receipts in the seller funds and as disbursements in the purchasing funds. Subsidies from one fund to another without requirement for repayment are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs. Transfers among governmental activities are eliminated in the government-wide statement of activities.

Fund Balances

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

Nonspendable – The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The District reported no nonspendable fund balances as of December 31, 2015.

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

Committed – The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The District reported no committed fund balances as of December 31, 2015.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the General Fund report all fund balances as assigned unless they are restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board or a District official delegated that authority by resolution, or by State statute. The District reported no assigned fund balances as of December 31, 2015.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Note 3 – Intergovernmental Receipts

The County apportions the excess of the District’s appropriations over other estimated receipts among the townships and municipalities composing the District, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the District. These amounts are included in intergovernmental receipts on the accompanying basic financial statements.

Note 4 - Levies

The County Commissioners serve as the taxing authority to levy a special levy outside the ten-mill limitation to provide the District with sufficient funds to carry out health programs. The levy generated \$1,027,991 in 2015. This amount is reflected as property tax receipts on the accompanying basic financial statements.

Note 5 – Defined Benefit Pension Plan

Plan Description

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional 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 ages and service requirements for retirement and the retirement formula applied to financial average salary (FAS) under the Traditional Plan as per the reduced benefits adopted by SB 343 for state and local government employers (see OPERS CAFR referenced above for additional information).

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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
<i>Age and Service Requirements</i> Age 60 with 60 months of service credit or age 55 with 25 years of service credit	<i>Age and Service Requirements</i> Age 60 with 60 months of service credit or age 55 with 25 years of service credit	<i>Age and Service Requirements</i> Age 57 with 25 years of service credit or age 62 with 5 years of service credit
<i>Formula</i> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<i>Formula</i> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<i>Formula</i> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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

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

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

Funding Policy

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

	<u>State & Local</u>
<i>2015 Statutory Maximum Contribution Rates</i>	
Employer	14%
Employee	10%
<i>2015 Actual Contribution Rates</i>	
Employer:	
Pension	12%
Post-Employment Health Care Benefits	<u>2%</u>
Total	<u>14%</u>
Employee	<u>10%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution to OPERS for pension was \$388,616 for 2015.

Note 6 – Post-Employment Benefits

Plan Description

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 plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans with an effective date of December 31, 2014 or earlier must have 10 or more years of qualifying Ohio service credit. For effective dates after December 31, 2014, retirees must be 60 with 20 years or qualifying service or may have 30 or more years of qualifying service at any age to be eligible for coverage. 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 No. 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2014 CAFR (most recent information available) for details.

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.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 post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care coverage.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, the District contributed at a rate of 14 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2 percent during calendar year 2015. The OPERS Board of Trustees 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.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

The District's contributions to fund post-employment benefits for the years ended December 31, 2015, 2014, and 2013 were \$64,769, \$61,038, and \$29,896, respectively, which were equal to the required contributions for those years.

Changes to the health care plan were adopted by the OEPRS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Note 7 – Risk Management

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

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

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

Casualty and Property Insurance

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, 2014 (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, 2014 and 2013 (the latest information available):

	2014	2013
Assets	\$35,402,177	\$34,411,883
Liabilities	(12,363,257)	(12,760,194)
Net Position	<u>\$23,038,920</u>	<u>\$21,651,689</u>

As of December 31, 2014 and 2013, respectively, the liabilities above include approximately \$11.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the District's share of these unpaid claims collectible in future years is approximately \$10,000.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

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>	
2013	\$12,086
2014	15,202
2015	15,538

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

Note 8 – Contingent Liabilities

Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

Litigation

The District is not currently party to legal proceedings.

Note 9 – Budgetary Basis of Accounting

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a financial reporting basis. This includes the Home Health Fund, the Environmental Health Fund, and the Public Health Fund. Since these funds are budgeted separately, they are not included in the budgetary presentation for the General Fund.

Budgetary basis fund balance	<u>\$124,531</u>
Fund balance of funds combined with general fund for reporting purposes	<u>13,802</u>
Cash basis fund balance	<u>\$138,333</u>

The General Fund beginning fund balance as reported on the budgetary statement has been restated to correct an error in the previously reported balance in the amount of \$22,373.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 10 – Interfund Transfers

The District had the following interfund transfers for the year ended December 31, 2015:

	Transfers In	Transfers Out
Major Fund:		
General Fund	\$1,454	\$129,626
Non-Major Funds:		
Building Fund	10,908	0
Camp/Rec Parks Fund	0	680
Food Service Fund	13,153	0
Water Systems Fund	2,651	0
Swimming Pools/Bathing Fund	0	750
Sewage Program Fund	49,969	0
Vivitrol Program Fund	52,945	0
Public Safety Fund	0	24
Total Non-Major Funds	129,626	1,454
Total All Funds	\$131,080	\$131,080

Transfers were made from the General Fund to other governmental funds to subsidize operations. Transfers were made from the Camp/Rec Parks Fund, Swimming Pools/Bathing Fund, and Public Safety Fund to the General Fund to close out programs or in accordance with budgetary authorizations.

Note 11 – Long-Term Obligations

Changes in the long-term obligations of the District during 2015 were as follows:

	Principal Outstanding at 1/1/15	Additions	Deletions	Principal Outstanding at 12/31/15	Amount Due in One Year
Governmental Activities:					
Capital Leases	\$1,612,825	\$0	\$117,048	\$1,495,777	\$71,342

The capital lease will be paid from the General Fund, the Home Health Fund, Community Health Funds, Environmental Funds, the Public Health Fund, and the Ross County WIC Fund.

Note 12 – Capital Leases – Lessee Disclosure

In 2014, the District entered into a capitalized lease for the purchase of a building and for additional funds to renovate the building. Capital lease payments have been reclassified and reflected as debt service disbursements in the basic financial statements.

Ross County Health District
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

At December 31, 2015, principal and interest requirements to retire the capital lease are as follows:

Year Ending December 31,	Capital Leases
2016	\$101,733
2017	125,519
2018	125,519
2019	125,519
2020	125,519
Thereafter	<u>1,129,669</u>
Total Debt Payments	1,733,478
Less: Interest	<u>(237,701)</u>
Total Principal	<u>\$1,495,777</u>

Ross County Health District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Two Years (1)

	2013	2014
<i>Ohio Public Employees Retirement System</i>		
District's proportion of the net pension liability (asset)	0.02182317%	0.02182317%
District's proportionate share of the net pension liability (asset)	\$2,572,667	\$2,632,118
District's covered-employee payroll	\$2,832,358	\$2,987,077
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	90.831284%	88.116835%
Plan fiduciary net position as a percentage of the total pension liability	86.357587%	86.450903%

(1) Information prior to 2013 is not available

Amounts are presented as of the District's measurement date, which is December 31 of each year listed above.

Ross County Health District
Required Supplementary Information
Schedule of District Contributions
Last Ten Years

	2006	2007	2008	2009	2010
<i>Ohio Public Employees Retirement System</i>					
Contractually required contribution	\$377,389	\$273,457	\$266,117	\$281,488	\$301,011
Contributions in relation to the contractually required contribution	377,389	273,457	266,117	281,488	301,011
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
District's covered-employee payroll	\$4,102,051	\$3,274,939	\$3,130,786	\$3,311,624	\$3,344,567
Contributions as a percentage of covered-employee payroll	9.20%	8.35%	8.50%	8.50%	9.00%
	2011	2012	2013	2014	2015
<i>Ohio Public Employees Retirement System</i>					
Contractually required contribution	\$289,315	\$288,793	\$388,811	\$366,226	\$388,616
Contributions in relation to the contractually required contribution	289,315	288,793	388,811	366,226	388,616
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0
District's covered-employee payroll	\$2,893,150	\$2,887,930	\$2,832,358	\$2,987,077	\$3,238,467
Contributions as a percentage of covered-employee payroll	10.00%	10.00%	13.00%	12.00%	12.00%

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**ROSS COUNTY HEALTH DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Ohio Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children (W.I.C. Administration)	ODH=07110011WA0815 ODH=07110011WA0916	10.557 10.557	\$426,636 <u>126193</u>
Total U.S. Department of Agriculture			<u>552829</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed Through Ohio Department of Public Safety and Office of the Governor's Highway Safety Representatives: State and Community Highway Safety (Safe Communities)	SC-2015-71-00-00-00462-00	20.600	<u>22755</u>
Total U.S. Department of Transportation			<u>22755</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Ohio Department of Health Centers for Disease Control and Prevention Investigations and Technical Assistance (Public Health Emergency Preparedness PHEP)	ODH=07110012PH0615 ODH=07110012PH0716	93.074 93.074	55707 38576
Cooperative Agreements for State-Based Comprehensive Breast & and Cervical Cancer Early Detection Programs (BCCP/SOWCP)	ODH=07110014BC0815 ODH=07110014BC0916	93.919 93.919	84177 43602
Maternal, Infant, and Early Childhood Home Visiting Program	ODH-07110011MV0415 ODH-07110011MV0516	93.505 93.505	74470 20863
Maternal and Child Health Services Block Grant	ODH-07110011MC0115 ODH-07110011MC0216	93.994 93.994	13290 11132
Total Passed through Ohio Department of Health			<u>341817</u>
Total Federal Awards Expenditures			<u>\$917,401</u>

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

**ROSS COUNTY HEALTH DISTRICT
ROSS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2015**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ross County Health District (the District's) under programs of the federal government for the year ended December 31, 2015. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

Ross County Health District
Ross County
150 E Second St
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ross County Health District, Ross County, (the District) as of and for the year ended December 31, 2015, 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 18, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2015-001 to be a significant deficiency.

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*.

Entity's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response 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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 18, 2016



Dave Yost • Auditor of State

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

Ross County Health District
Ross County
150 E Second St
Chillicothe, Ohio 45601

To the Board:

Report on Compliance for the Major Federal Program

We have audited the Ross County Health District, Ross County, Ohio (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the major federal program for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Ross County Health District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2015.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

October 18, 2016

**ROSS COUNTY HEALTH DISTRICT
ROSS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2015-001

Significant Deficiency

Governments are required to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Also, Governmental Accounting Standards Board (GASB) codification sections 1800.165-.179 provides guidance on the classification of fund balances. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

**FINDING NUMBER 2015-001
(Continued)**

GASB codification section 1800.176 clarifies that an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. As noted below, the District did not classify year end fund balances included as a budgetary resource in the subsequent year's budget fund balance as assigned.

We noted the following:

- Outstanding encumbrances at year end in the General fund are to be included as assigned fund balance within the financial statements. The District did not restrict monies sufficient to cover outstanding encumbrances at year end.
- General fund equivalents are funds which do not meet the criteria to be their own funds. These monies are set aside by the District to be spent for specific purposes. Since there is no higher level of restriction upon these funds, these funds should be disclosed as assigned.
- Subsequent appropriations over estimated resources are to be shown as assigned fund balance within the General Fund.

The above resulted in the District incorrectly classified the General fund balance as unassigned instead of assigned in the amount of \$115,618.

Failure to accurately post and report transactions could result in material errors in the District's financial statements and reduces the District's ability to monitor financial activity and to make sound decisions which effect the overall available cash positions of the District.

We recommend that the District review the GASB 54 statement and classify fund balances in accordance with the GASB 54 statement when preparing the financial statements. Auditor of State Bulletin 2011-004 clarifies the impact of GASB 54 on Ohio governmental units and provides guidance on implementation.

Officials' Response:

This is simply a classification issue. We have discussed the issue with our complier to ensure it is corrected on all subsequent financial reports.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

ROSS COUNTY HEALTH DISTRICT
ROSS COUNTY

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2015

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001	This is simply a classification issue. We have discussed the issue with our complier to ensure it is corrected on all subsequent financial reports.	10/12/16	Adam Dyer – C.F.O.

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ROSS COUNTY HEALTH DISTRICT

ROSS 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 10, 2016**