

FAIRFIELD COUNTY GENERAL HEALTH DISTRICT

FAIRFIELD COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2016





Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Fairfield County General Health District, Fairfield County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 21, 2017

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

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016-Continued**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Fairfield County General Health District
Fairfield County, Ohio
1550 Sheridan Dr., 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, 2016, 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 opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County General Health District, Fairfield County, Ohio, as of December 31, 2016, and the respective changes in financial position and the respective budgetary comparisons for the General, Women, Infants and Children, Bioterrorism Grant, and the Landfill/Construction and Demolition Disposal funds, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

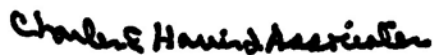
Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017 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.



Charles E. Harris & Associates, Inc.
June 23, 2017

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

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, 2016. 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 2016 are as follows:

- For 2016, the total net position of the District increased \$121,181, which represents a 25.10% increase from 2015.
- General revenues accounted for \$884,519 in revenue or 32.35% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$1,849,301 or 67.65% of total revenues of \$2,733,820.
- The District had \$2,612,639 in expenses related to governmental activities; \$1,849,301 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$884,519 were 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/construction and demolition debris disposal fund (landfill/c & dd disposal fund). The general fund had \$1,352,228 in revenues and \$1,157,582 in expenditures and other financing uses. During 2016, the general fund's fund balance increased \$194,646 from \$666,671 to \$861,317.
- The women, infants and children fund, a District major fund, had \$381,624 in revenues and \$410,750 in expenditures. During 2016, the women, infants and children fund balance decreased \$29,126 from a fund balance of \$67,173 to a fund balance of \$38,047.
- The bioterrorism grant fund, a District major fund, had \$116,437 in revenues and \$122,986 in expenditures. During 2016, the bioterrorism grant fund balance decreased \$6,549 from a fund balance of \$39,757 to a fund balance of \$33,208.
- The landfill/c & dd disposal fund, a District major fund, had \$181,157 in revenues and \$176,281 in expenditures. During 2016, the landfill/c & dd disposal fund balance increased \$4,876 from a fund balance of \$228,320 to a fund balance of \$233,196.

Using this Annual Financial Report

This annual report consists of a series of financial statements, notes to these statements and required supplementary information. 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, 2016
(UNAUDITED)**

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 2016?" 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 11. 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. 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, 2016
(UNAUDITED)**

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 24-49 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. The required supplementary information can be found on pages 50-53 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

Government-wide Financial Analysis

The table below provides a summary of the District's government-wide assets, deferred outflows, liabilities, deferred inflows and net position for 2016 and 2015.

	Governmental Activities	
	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Current and other assets	\$ 2,053,170	\$ 1,746,131
Capital assets, net	<u>29,053</u>	<u>34,307</u>
Total assets	<u>2,082,223</u>	<u>1,780,438</u>
Deferred outflows - pension	<u>779,470</u>	<u>283,004</u>
<u>Liabilities</u>		
Current liabilities	205,526	167,198
Long-term liabilities:		
Due within one year	95,702	96,354
Net pension liability	1,853,172	1,239,064
Other amounts	<u>66,862</u>	<u>54,989</u>
Total liabilities	<u>2,221,262</u>	<u>1,557,605</u>
Deferred inflows - pension	<u>36,535</u>	<u>23,122</u>
<u>Net Position</u>		
Investment in capital assets	29,053	34,307
Restricted	521,068	601,307
Unrestricted (deficit)	<u>53,775</u>	<u>(152,899)</u>
Total net position	<u>\$ 603,896</u>	<u>\$ 482,715</u>

During 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*.

GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2016, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$603,896.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

At year-end, net capital assets represented 1.40% of total assets. Capital assets include furniture, fixtures and equipment, and vehicles. Capital assets, net of depreciation, at December 31, 2016 were \$29,053. These capital assets are used to provide services to citizens and are not available for future spending. A portion of the District's net position, \$521,068, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$53,775.

The table below shows the changes in net position for 2016 and 2015.

	Change in Net Position		
	Governmental Activities 2016	Governmental Activities 2015	Percentage Change
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 1,076,691	\$ 983,097	9.52 %
Operating grants and contributions	772,610	742,467	4.06 %
General revenues:			
Property taxes	466,554	450,798	3.50 %
Grants and entitlements	403,510	337,795	19.45 %
Miscellaneous	<u>14,455</u>	<u>13,842</u>	4.43 %
Total revenues	<u>2,733,820</u>	<u>2,527,999</u>	8.14 %
Program expenses:			
Health:			
Environmental health	768,247	615,981	24.72 %
Community health services	1,008,839	863,220	16.87 %
Health promotion and planning	232,966	208,343	11.82 %
Administration	<u>602,587</u>	<u>611,322</u>	(1.43) %
Total expenses	<u>2,612,639</u>	<u>2,298,866</u>	13.65 %
Change in net position	121,181	229,133	(47.11) %
Net position at beginning of year	<u>482,715</u>	<u>253,582</u>	
Net position at end of year	<u>\$ 603,896</u>	<u>\$ 482,715</u>	25.10 %

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)**

Governmental Activities

Governmental activities net position increased \$121,181 in 2016. Community health services accounted for \$1,008,839 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 \$235,200 in direct charges to users of the services. Environmental health accounted for \$768,247 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 \$642,136 in direct charges to users of the services.

The State and federal government contributed to the District a total of \$772,610 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$23,852 subsidized environmental health programs, \$562,604 subsidized community health services programs and \$186,154 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 \$884,519 and amounted to 32.35% 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 \$403,510.

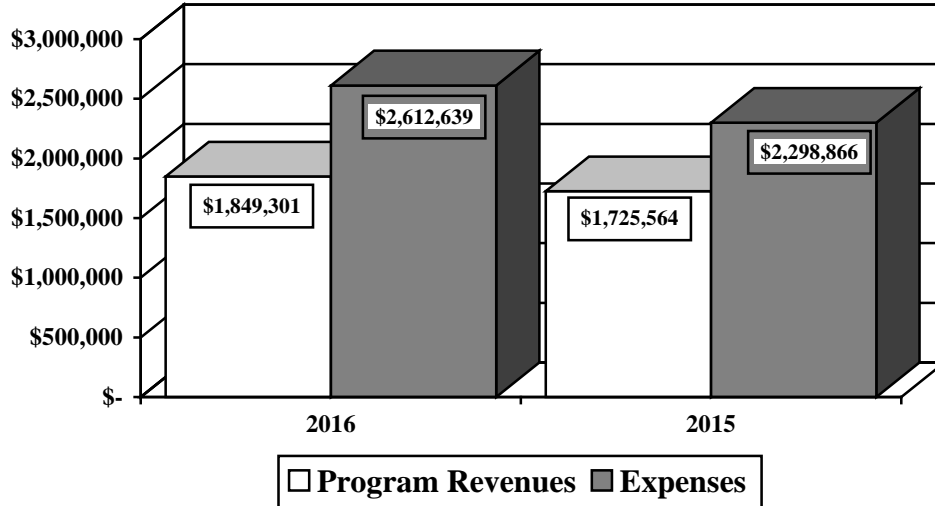
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

Governmental Activities - Program Revenues vs. Total Expenses

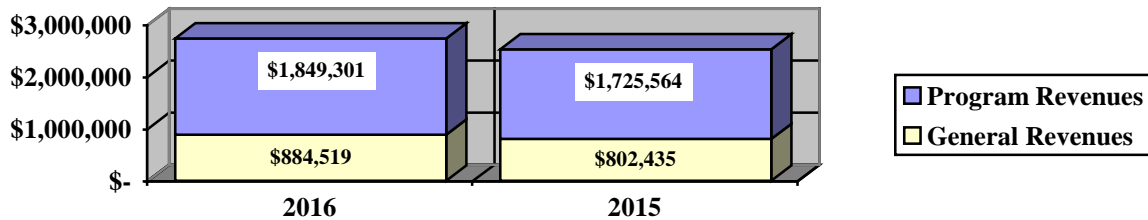


Governmental Activities

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Program expenses:				
Environmental health	\$ 768,247	\$ 102,259	\$ 615,981	\$ (87,269)
Community health services	1,008,839	211,035	863,220	178,541
Health promotion and planning	232,966	(24,387)	208,343	(10,922)
Administration	<u>602,587</u>	<u>474,431</u>	<u>611,322</u>	<u>492,952</u>
Total	<u>\$ 2,612,639</u>	<u>\$ 763,338</u>	<u>\$ 2,298,866</u>	<u>\$ 573,302</u>

The dependence upon operating grants and contributions for governmental activities is apparent, with 29.57% of expenses supported through operating grants and contributions.

Governmental Activities - General and Program Revenues



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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$1,378,602 which is \$161,671 more than last year's total of \$1,216,931. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2016 for all major and nonmajor governmental funds.

	Fund Balances 12/31/16	Fund Balances 12/31/15	Change
Major fund:			
General	\$ 861,317	\$ 666,671	\$ 194,646
Women, infants & children	38,047	67,173	(29,126)
Bioterrorism grant	33,208	39,757	(6,549)
Landfill/c & dd disposal	233,196	228,320	4,876
Other nonmajor governmental funds	<u>212,834</u>	<u>215,010</u>	<u>(2,176)</u>
Total	<u>\$ 1,378,602</u>	<u>\$ 1,216,931</u>	<u>\$ 161,671</u>

General Fund

The District's general fund balance increased \$194,646. The table that follows assists in illustrating the revenues of the general fund.

	2016 Amount	2015 Amount	Percentage Change
Revenues			
Taxes	\$ 466,554	\$ 450,798	3.50 %
Charges for services	43,724	39,547	10.56 %
Licenses and permits	430,768	398,787	8.02 %
Fines and forfeitures	158	75	110.67 %
Intergovernmental	398,260	337,795	17.90 %
Other	<u>12,764</u>	<u>9,992</u>	<u>27.74 %</u>
Total	<u>\$ 1,352,228</u>	<u>\$ 1,236,994</u>	9.32 %

Tax revenue represents 34.50% of all general fund revenue. License and permits increased 8.02% during the year primarily due to an increase in sewage licenses and permits issued during 2016. All other revenue remained comparable to 2015.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

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

	2016 <u>Amount</u>	2015 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
Environmental health	\$ 156,842	\$ 104,833	49.61 %
Community health services	317,716	277,579	14.46 %
Health promotion and planning	53,085	53,582	(0.93) %
Administration	<u>564,139</u>	<u>629,483</u>	<u>(10.38) %</u>
Total	<u>\$ 1,091,782</u>	<u>\$ 1,065,477</u>	2.47 %

The decreases in administration are primarily a result of decreases in salary, health insurance administration and contractual services. Overall, the District had an increase in expenditures of 2.47%.

Women, Infants and Children Fund

The women, infants and children fund, a District major fund, had \$381,624 in revenues and \$410,750 in expenditures. During 2016, the women, infants and children fund balance decreased \$29,126 from a balance of \$67,173 to a fund balance of \$38,047.

Bioterrorism Grant Fund

The bioterrorism grant fund, a District major fund, had \$116,437 in revenues and \$122,986 in expenditures. During 2016, the bioterrorism grant fund balance decreased \$6,549 from a balance of \$39,757 to a fund balance of \$33,208.

Landfill/C & DD Disposal Fund

The landfill/c & dd disposal fund, a District major fund, had \$181,157 in revenues and \$176,281 in expenditures. During 2016, the landfill/c & dd disposal fund balance increased \$4,876 from a balance of \$228,320 to a fund balance of \$233,196.

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 2016, the District amended its general fund budget several times. For the general fund, original and final budgeted revenues were \$1,210,515. Actual revenues and for 2016 were \$1,354,317. This represents a \$143,802 increase from final budgeted revenues.

General fund original appropriations and other financing uses totaled \$1,239,720 and final appropriations and other financing uses totaled \$1,316,855. The actual budget basis expenditures and other financing uses for 2016 totaled \$1,219,762, which was \$97,093 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2016
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

At the end of 2016, the District had \$29,053 (net of accumulated depreciation) invested in furniture, fixtures and equipment, and vehicles. The following table shows 2016 balances compared to 2015:

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

	Governmental Activities	
	2016	2015
Furniture, fixtures and equipment	<u>\$ 29,053</u>	<u>\$ 34,307</u>

The overall decrease in capital assets of \$5,254 is the result of depreciation expense during 2016.

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

Economic Factors and Next Year's Budget

The health department maintained a staff of approximately 30 during 2016. The Board awarded all qualifying employees a 3% salary increase in 2017. The health department continues to work towards Public Health accreditation and we are on target to start the application process in the Fall of 2017.

The City of Lancaster's contract with the health department for 2016 was \$294,936 and will remain the same for both 2017 and 2018. The contribution of the District Advisory Council for 2016 was \$466,554 and will remain the same for both 2017 and 2018. In 2017, the health department will continue providing plumbing inspections in Hocking County; in 2016 this contract added \$26,974.23 to our revenue.

The health department's 2017 grant revenue is expected to remain about the same as in 2016 for most of our grants. In 2016, the health department received an award for WPCLF funds in the amount of \$150,000. In 2017, the health department received an award for WPCLF funds in the amount of \$200,000.

Any shortfalls in funding for 2017 will be covered by the \$887,264 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, 2016

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents with fiscal agent	\$ 1,380,507
Receivables:	
Accounts	25,342
Intergovernmental	607,014
Prepayments	40,307
Capital assets, net	29,053
 Total assets	 <u>2,082,223</u>
 Deferred outflows of resources:	
Pension OPERS	<u>779,470</u>
 Total assets and deferred outflows of resources .	 <u>2,861,693</u>
 Liabilities:	
Accounts payable	60,667
Accrued wages and benefits payable	65,066
Intergovernmental payable	79,793
Long-term liabilities:	
Due within one year	95,702
Due in more than one year:	
Net pension liability	1,853,172
Other amounts due in more than one year	66,862
Total liabilities	<u>2,221,262</u>
 Deferred inflows of resources:	
Pension OPERS.	<u>36,535</u>
 Total liabilities and deferred inflows of resources.	 <u>2,257,797</u>
 Net position:	
Investment in capital assets	29,053
Restricted for:	
Women, infants and children (WIC) grant	181,926
Bioterrorism grant	17,032
Landfill C&DD disposal	222,439
Other purposes	99,671
Unrestricted	<u>53,775</u>
 Total net position	 <u>\$ 603,896</u>

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, 2016

		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	\$ 768,247	\$ 642,136	\$ 23,852	\$ (102,259)
Community health services	1,008,839	235,200	562,604	(211,035)
Health promotion and planning	232,966	71,199	186,154	24,387
Administration	602,587	128,156	-	(474,431)
Total governmental activities	\$ 2,612,639	\$ 1,076,691	\$ 772,610	(763,338)
 General revenues:				
Property taxes levied for:				
General purposes				466,554
Grants and entitlements not restricted to specific programs				403,510
Miscellaneous				14,455
Total general revenues				884,519
Change in net position				121,181
Net position at beginning of year				482,715
Net position at end of year				\$ 603,896

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	<u>General</u>	<u>Women, Infants and Children</u>	<u>Bioterrorism Grant</u>	<u>Landfill C & DD Disposal</u>	<u>Other Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents with fiscal agent	\$ 916,900	\$ 10,950	\$ 10,918	\$ 251,544	\$ 190,195
Receivables:					
Accounts	154	-	-	-	25,188
Due from other governments.	7,779	432,196	90,324	-	76,715
Prepayments	35,103	1,740	400	108	2,956
Total assets	<u>\$ 959,936</u>	<u>\$ 444,886</u>	<u>\$ 101,642</u>	<u>\$ 251,652</u>	<u>\$ 295,054</u>
Liabilities:					
Accounts payable.	\$ 38,603	\$ 1,172	\$ 125	\$ 8,270	\$ 12,497
Accrued wages and benefits payable	28,687	13,611	4,139	613	18,016
Intergovernmental payable	26,079	33,664	1,271	9,573	9,206
Total liabilities	<u>93,369</u>	<u>48,447</u>	<u>5,535</u>	<u>18,456</u>	<u>39,719</u>
Deferred inflows of resources:					
Unavailable grant revenue	5,250	358,392	62,899	-	42,501
Total deferred inflows of resources	<u>5,250</u>	<u>358,392</u>	<u>62,899</u>	<u>-</u>	<u>42,501</u>
Total liabilities and deferred inflows of resources	<u>98,619</u>	<u>406,839</u>	<u>68,434</u>	<u>18,456</u>	<u>82,220</u>
Fund balances:					
Nonspendable	35,103	1,740	400	108	2,956
Restricted.	-	36,307	32,808	233,088	152,058
Committed	-	-	-	-	74,368
Assigned	49,109	-	-	-	-
Unassigned (deficit)	777,105	-	-	-	(16,548)
Total fund balances.	<u>861,317</u>	<u>38,047</u>	<u>33,208</u>	<u>233,196</u>	<u>212,834</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 959,936</u>	<u>\$ 444,886</u>	<u>\$ 101,642</u>	<u>\$ 251,652</u>	<u>\$ 295,054</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Total
Governmental
Funds**

\$ 1,380,507

25,342

607,014

40,307

\$ 2,053,170

\$ 60,667

65,066

79,793

205,526

469,042

469,042

674,568

40,307

454,261

74,368

49,109

760,557

1,378,602

\$ 2,053,170

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2016

Total governmental fund balances	\$	1,378,602
<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.		29,053
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds. Intergovernmental receivable		469,042
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	779,470	
Deferred inflows of resources	(36,535)	
Net pension liability	(1,853,172)	
Total	(1,110,237)	(1,110,237)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Compensated absences		(162,564)
Net position of governmental activities	\$	603,896

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, 2016

	<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.	43,724	-	-	120,738	123,945	288,407
Licenses and permits	430,768	-	-	60,400	296,868	788,036
Fines and forfeitures	158	-	-	-	90	248
Intergovernmental.	398,260	380,808	116,098	-	171,561	1,066,727
Investment income.	-	312	169	-	-	481
Other	12,764	504	170	19	998	14,455
Total revenues	<u>1,352,228</u>	<u>381,624</u>	<u>116,437</u>	<u>181,157</u>	<u>593,462</u>	<u>2,624,908</u>
Expenditures:						
Current:						
Environmental health	156,842	-	-	176,281	393,203	726,326
Community health services	317,716	410,750	-	-	234,602	963,068
Health promotion and planning	53,085	-	122,986	-	33,633	209,704
Administration	564,139	-	-	-	-	564,139
Total expenditures	<u>1,091,782</u>	<u>410,750</u>	<u>122,986</u>	<u>176,281</u>	<u>661,438</u>	<u>2,463,237</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>260,446</u>	<u>(29,126)</u>	<u>(6,549)</u>	<u>4,876</u>	<u>(67,976)</u>	<u>161,671</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	65,800	65,800
Transfers (out).	(65,800)	-	-	-	-	(65,800)
Total other financing sources (uses)	<u>(65,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,800</u>	<u>-</u>
Net change in fund balances	194,646	(29,126)	(6,549)	4,876	(2,176)	161,671
Fund balances at beginning of year	666,671	67,173	39,757	228,320	215,010	1,216,931
Fund balances at end of year	<u>\$ 861,317</u>	<u>\$ 38,047</u>	<u>\$ 33,208</u>	<u>\$ 233,196</u>	<u>\$ 212,834</u>	<u>\$ 1,378,602</u>

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, 2016

Net change in fund balances - total governmental funds	\$	161,671
 <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 outlays exceeds depreciation expense in the current period.		
Current year depreciation	(5,254)	
Total	(5,254)	(5,254)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental revenues		108,912
 Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		167,882
 Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(298,937)
 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.		
		(13,093)
Change in net position of governmental activities	\$	121,181

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 466,554	\$ 466,554	\$ 466,554	\$ -
Charges for services	54,000	54,000	34,707	(19,293)
Licenses and permits	361,125	361,125	441,771	80,646
Fines and forfeitures	-	-	158	158
Intergovernmental	326,736	326,736	398,363	71,627
Other	2,100	2,100	12,764	10,664
Total revenues	<u>1,210,515</u>	<u>1,210,515</u>	<u>1,354,317</u>	<u>143,802</u>
Expenditures:				
Current:				
Health:				
Environmental health	134,709	196,157	170,354	25,803
Community health services	362,711	423,217	317,714	105,503
Health promotion and planning	44,433	66,565	64,471	2,094
Administration	598,697	531,746	601,423	(69,677)
Total expenditures	<u>1,140,550</u>	<u>1,217,685</u>	<u>1,153,962</u>	<u>63,723</u>
Excess of revenues over expenditures	<u>69,965</u>	<u>(7,170)</u>	<u>200,355</u>	<u>207,525</u>
Other financing sources (uses):				
Advances in	-	-	10,000	10,000
Advances (out)	-	-	(10,000)	(10,000)
Transfers (out)	(99,170)	(99,170)	(65,800)	33,370
Total other financing sources (uses)	<u>(99,170)</u>	<u>(99,170)</u>	<u>(65,800)</u>	<u>33,370</u>
Net change in fund balance	(29,205)	(106,340)	134,555	240,895
Fund balance at beginning of year	707,357	707,357	707,357	-
Prior year encumbrances appropriated	28,861	28,861	28,861	-
Fund balance at end of year	<u>\$ 707,013</u>	<u>\$ 629,878</u>	<u>\$ 870,773</u>	<u>\$ 240,895</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 410,175	\$ 410,175	\$ 362,822	\$ (47,353)
Investment income.	-	-	312	312
Other	-	-	504	504
Total revenues	<u>410,175</u>	<u>410,175</u>	<u>363,638</u>	<u>(46,537)</u>
Expenditures:				
Current:				
Health:				
Community health services	<u>410,177</u>	<u>413,528</u>	<u>386,397</u>	<u>27,131</u>
Total expenditures	<u>410,177</u>	<u>413,528</u>	<u>386,397</u>	<u>27,131</u>
Net change in fund balance	(2)	(3,353)	(22,759)	(19,406)
Fund balance at beginning of year	24,613	24,613	24,613	-
Prior year encumbrances appropriated . .	<u>5,306</u>	<u>5,306</u>	<u>5,306</u>	<u>-</u>
Fund balance at end of year	<u>\$ 29,917</u>	<u>\$ 26,566</u>	<u>\$ 7,160</u>	<u>\$ (19,406)</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental.	\$ 135,636	\$ 135,636	\$ 111,992	\$ (23,644)
Investment income.	-	-	169	169
Other	-	-	170	170
Total revenues	<u>135,636</u>	<u>135,636</u>	<u>112,331</u>	<u>(23,305)</u>
Expenditures:				
Current:				
Health:				
Health promotion and planning	135,636	141,655	124,732	16,923
Total expenditures	<u>135,636</u>	<u>141,655</u>	<u>124,732</u>	<u>16,923</u>
Net change in fund balance	-	(6,019)	(12,401)	(6,382)
Fund balance at beginning of year	22,090	22,090	22,090	-
Prior year encumbrances appropriated .	868	868	868	-
Fund balance at end of year	<u>\$ 22,958</u>	<u>\$ 16,939</u>	<u>\$ 10,557</u>	<u>\$ (6,382)</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, 2016

	<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	\$ 125,000	\$ 125,000	\$ 134,768	\$ 9,768
Licenses and permits	63,200	63,200	60,400	(2,800)
Other	-	-	19	19
Total revenues	<u>188,200</u>	<u>188,200</u>	<u>195,187</u>	<u>6,987</u>
Expenditures:				
Current:				
Health:				
Environmental health	190,004	215,090	201,669	13,421
Total expenditures	<u>190,004</u>	<u>215,090</u>	<u>201,669</u>	<u>13,421</u>
Net change in fund balance	(1,804)	(26,890)	(6,482)	20,408
Fund balance at beginning of year	209,990	209,990	209,990	-
Prior year encumbrances appropriated . .	30,205	30,205	30,205	-
Fund balance at end of year	<u>\$ 238,391</u>	<u>\$ 213,305</u>	<u>\$ 233,713</u>	<u>\$ 20,408</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, 2016**

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 government.

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, 2016

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 of 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 liabilities and deferred inflows 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 special revenue 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, the recording of deferred inflows/outflows of resources, 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, 2016

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 apportionments from Fairfield County Villages and Townships, 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; and, charges for services.

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

For the District, See Note 9 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

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 object 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

F. Accounts Receivable

Accounts receivables are stated at 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, www.fairfieldauditor.org, (740) 687-7185.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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.

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 service, are paid one-fourth of accumulated sick time upon retirement. Such payment may not exceed the value of thirty days of accrued but unused sick leave. All sick, vacation, and personal and compensation payments are made at employees' current wage rates.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

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 2016.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

P. Pensions

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2016, the District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

NOTE 4 - RECEIVABLES

Receivables at December 31, 2016 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	\$ 7,779	\$ 154
Public health nursing	24,417	25,188
Immunization Action Plan	5,065	-
Solid Waste	3	-
Women, infants and children fund	432,196	-
Material and child health	47,230	-
Bioterrorism grant	<u>90,324</u>	<u>-</u>
Total receivables	<u>\$ 607,014</u>	<u>\$ 25,342</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

<u>Governmental activities:</u>	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/16</u>
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures and equipment	\$ 87,724	\$ -	\$ -	\$ 87,724
Vehicles	<u>105,752</u>	<u>-</u>	<u>(10,031)</u>	<u>95,721</u>
Total capital assets, being depreciated	<u>193,476</u>	<u>-</u>	<u>(10,031)</u>	<u>183,445</u>
<i>Less: accumulated depreciation:</i>				
Furniture, fixtures and equipment	(53,417)	(5,254)	-	(58,671)
Vehicles	<u>(105,752)</u>	<u>-</u>	<u>10,031</u>	<u>(95,721)</u>
Total accumulated depreciation	<u>(159,169)</u>	<u>(5,254)</u>	<u>10,031</u>	<u>(154,392)</u>
Total capital assets being depreciated, net	<u>34,307</u>	<u>(5,254)</u>	<u>-</u>	<u>29,053</u>
Governmental activities capital assets, net	<u>\$ 34,307</u>	<u>\$ (5,254)</u>	<u>\$ -</u>	<u>\$ 29,053</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
Administration	\$ 1,026
Health promotion and planning	<u>4,228</u>
Total depreciation expense - governmental activities	<u>\$ 5,254</u>

NOTE 6 - LONG-TERM OBLIGATIONS

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

Governmental activities:	<u>Balance</u> <u>12/31/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/16</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 151,343	\$ 107,574	\$ (96,353)	\$ 162,564	\$ 95,702
Net pension liability	<u>1,239,064</u>	<u>614,108</u>	<u>-</u>	<u>1,853,172</u>	<u>-</u>
Total governmental-type long-term obligations	<u>\$ 1,390,407</u>	<u>\$ 721,682</u>	<u>\$ (96,353)</u>	<u>\$ 2,015,736</u>	<u>\$ 95,702</u>

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

Net pension liability: See Note 9 for more details.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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	<u>\$ 65,800</u>

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

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015 (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.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 8 - RISK MANAGEMENT - (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014 (the latest information available):

<u>Casualty & Property Coverage</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets	\$42,182,281	\$38,307,677	\$35,402,177
Liabilities	<u>(13,396,700)</u>	<u>(12,759,127)</u>	<u>(12,363,257)</u>
Net Position	<u>\$28,785,581</u>	<u>\$25,548,550</u>	<u>\$23,038,920</u>

At December 31, 2015 and 2016 (the latest information available), respectively, the liabilities above include approximately \$11.5 million and \$12.0 million of estimated incurred claims payable. The Pool's membership increased to 499 members in 2015 and 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the District's share of these unpaid claims collectible in future years is approximately \$25,000.

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 liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP

2014	\$ 10,711
2015	10,794
2016	10,514

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability 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 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 calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 Pension Plan.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Group A	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

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0 %</u>	<u>2.0 %</u>	<u>2.0 %</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

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 \$167,882 for 2016. Of this amount, \$23,808 is reported as intergovernmental payable and accrued wages and benefits payable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability for the OPERS Traditional Pension Plan and Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportion of the net pension liability prior measurement date	0.010273%
Proportion of the net pension liability current measurement date	<u>0.010699%</u>
Change in proportionate share	<u>0.000426%</u>
Proportionate share of the net pension liability	\$ 1,853,172
Pension expense	298,937

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred outflows of resources	
Net difference between projected and actual earnings on pension plan investments	\$ 544,717
Changes in pro-rated share	66,871
District contributions subsequent to the measurement date	167,882
Total deferred outflows of resources	\$ 779,470
Deferred inflows of resources	
Differences between expected and actual experience	\$ 35,807
Net difference between projected and Changes in employer's proportionate percentage/ difference between employer contributions	728
Total deferred inflows of resources	\$ 36,535

\$167,882 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 in the year ending December 31, 2017.

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
Year Ending December 31:	
2017	\$ 149,363
2018	158,595
2019	143,823
2020	123,269
2021	3
Total	\$ 575,053

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation COLA or ad hoc COLA	4.25 to 10.05 percent including wage inflation Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.80% simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 401 (h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2015 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	23.00 %	2.31 %
Domestic equities	20.70	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan, the Combined Plan and Member-Directed 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, Combined Plan and Member-Directed 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 8 percent, 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 (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
District's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,952,556	\$ 1,853,172	\$ 925,877

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 10 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2016 was 2.00%.

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

The District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$27,980, \$36,149, and \$24,889, respectively; 100% has been contributed for 2016 and 100% has been contributed for 2015 and 2014.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Dental and Life Insurance

Dental coverage is provided through Delta Dental. Life insurance is provided through Standard Insurance Company. Life insurance coverage is as follows: \$20,000 per employee; and a choice of either \$10,000 per spouse and \$5,000 per child or \$20,000 per spouse or dependent and \$7,500 per child.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Budget basis	\$ 134,555	\$ (22,759)	\$ (12,401)	\$ (6,482)
Net adjustment for revenue accruals	(2,089)	17,986	4,106	(14,030)
Net adjustment for expenditure accruals	13,913	(28,143)	1,385	7,557
Encumbrances	<u>48,267</u>	<u>3,790</u>	<u>361</u>	<u>17,831</u>
GAAP basis	<u>\$ 194,646</u>	<u>\$ (29,126)</u>	<u>\$ (6,549)</u>	<u>\$ 4,876</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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, 2016.

B. Litigation

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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	\$ 35,103	\$ 1,740	\$ 400	\$ 108	\$ 2,956	\$ 40,307
Total nonspendable	<u>35,103</u>	<u>1,740</u>	<u>400</u>	<u>108</u>	<u>2,956</u>	<u>40,307</u>
Restricted:						
State Grant WIC	-	36,307	-	-	-	36,307
Bioterrorism grant	-	-	32,808	-	-	32,808
Landfill/C&DD disposal	-	-	-	233,088	-	233,088
Other purposes	-	-	-	-	152,058	152,058
Total restricted	<u>-</u>	<u>36,307</u>	<u>32,808</u>	<u>233,088</u>	<u>152,058</u>	<u>454,261</u>
Committed:						
Other purposes	-	-	-	-	74,368	74,368
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,368</u>	<u>74,368</u>
Assigned:						
Environmental health	3,927	-	-	-	-	3,927
Community health services	3,422	-	-	-	-	3,422
Health promotion & planning	3,422	-	-	-	-	3,422
Administrative	1,901	-	-	-	-	1,901
Subsequent year appropriations	<u>36,437</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,437</u>
Total assigned	<u>49,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,109</u>
Unassigned (deficit)	<u>777,105</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,548)</u>	<u>760,557</u>
Total fund balances	<u>\$ 861,317</u>	<u>\$ 38,047</u>	<u>\$ 33,208</u>	<u>\$ 233,196</u>	<u>\$ 212,834</u>	<u>\$ 1,378,602</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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	\$ 12,672
WIC	2,761
Bioterrorism	236
Landfill	8,279
Nonmajor	<u>1,119</u>
Total	<u>\$ 25,067</u>

FAIRFIELD COUNTY GENERAL HEALTH DISTRICT

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

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

Note: Information prior to 2013 was unavailable.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

FAIRFIELD COUNTY GENERAL HEALTH DISTRICT

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 167,882	\$ 216,891	\$ 149,162	\$ 151,491
Contributions in relation to the contractually required contribution	<u>(167,882)</u>	<u>(216,891)</u>	<u>(149,162)</u>	<u>(151,491)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,399,017	\$ 1,807,425	\$ 1,243,017	\$ 1,165,315
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 90,066	\$ 114,434	\$ 170,755	\$ 166,196	\$ 269,075	\$ 276,397
<u>(90,066)</u>	<u>(114,434)</u>	<u>(170,755)</u>	<u>(166,196)</u>	<u>(269,075)</u>	<u>(276,397)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 900,660	\$ 1,144,340	\$ 1,915,009	\$ 2,045,489	\$ 3,843,929	\$ 3,310,144
10.00%	10.00%	8.92%	8.13%	7.00%	8.35%

FAIRFIELD COUNTY GENERAL HEALTH DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2016

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2015 and 2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2015 and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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, Ohio
1550 Sheridan Dr., 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 23, 2017.

Internal Control Over Financial Reporting

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

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

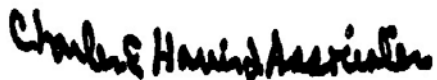
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

Compliance and Other Matters

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

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.



Charles E. Harris and Associates, Inc.
June 23, 2017

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2016**

The prior audit report for the year ended December 31, 2015 reported no material citations or recommendations.

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Dave Yost • Auditor of State

FAIRFIELD COUNTY GENERAL HEALTH DISTRICT

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 3, 2017**