



Dave Yost • Auditor of State

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Clermont County General Health District
Clermont County
2275 Bauer Road, Suite 300
Batavia, Ohio 45103

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 Clermont County General Health District, Clermont County, Ohio (the District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with 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 Clermont County General Health District, Clermont County, Ohio, as of December 31, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Food Service, PHHS Block Grant, Bioterrorism Grant, WIC Administration, and Sewage Program Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2C to the financial statements, during the year ended December 31, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

July 28, 2016

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Clermont County General Health District
Clermont County
Management's Discussion and Analysis
For the Year Ended December 31, 2015
Unaudited

The discussion and analysis of the General Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2015. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2015 are as follows:

- The assets of the Health District exceeded its liabilities at the close of the year ended December 31, 2015, by \$504,476 (net position).
- At the end of 2015, the Health District's governmental funds reported a combined ending fund balance of \$1,745,822. Of this amount, \$987,339 is available for spending (unassigned fund balance) on behalf of Clermont County citizens.
- At the end of the 2015 fiscal year, the unassigned fund balance for the general fund was \$1,039,610 or 78% of total general fund expenditures.

Using the Basic Financial Statements

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Health District, presenting both an aggregate view of the Health District's finances and a longer-term view of those assets. Major 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 dollars remain for future spending. The fund financial statements also look at the Health District's most significant funds with all other non-major funds presented in total in one column.

Reporting the Health District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the Health District to provide services to our citizens, the view of the Health District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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These two statements report the Health District's net position and the change in the position. This change in net position is important because it tells the reader whether, for the Health District as a whole, the financial position of the Health District has improved or diminished. However, in evaluating the overall position of the Health District, nonfinancial information such as the condition of the Health 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.

Reporting the Health District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The Health District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Health District are governmental funds. Fund financial reports provide detailed information about the Health District's major funds.

Based on restrictions on the use of monies, the Health District has established many funds which account for the multitude of services provided. However, these fund financial statements focus on the Health District's most significant funds. In the case of the Clermont County Health District, the major funds are the General, Food Service, PHHS Block Grant, Bioterrorism Grant, WIC Administration, and Sewage Program. The analysis of the Health District's major funds begins on page 10.

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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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, readers may better understand the long-term impact of the Health District's near-term financial 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 Health District maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

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Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Health District, assets exceeded liabilities by \$504,476 as of December 31, 2015.

Table 1 provides a summary of the Health District's net position for 2015 compared to 2014.

Table 1
Net Position
(In Thousands)

	<u>2015</u>	<u>2014</u> (Restated)
Assets		
Current & Other Assets	\$1,879.1	\$1,759.7
Capital Assets, Net	233.1	251.6
Net Pension Asset	5.9	1.6
<i>Total Assets</i>	<u>2,118.1</u>	<u>2,012.9</u>
Deferred Outflows of Resources		
Deferred Outflow Related to Pensions	309.4	214.4
<i>Total Assets and Deferred Outflows of Resources</i>	<u>2,427.5</u>	<u>2,227.3</u>
Liabilities		
Current & Other Liabilities	89.8	94.9
Long-Term Liabilities		
Due Within One Year	70.3	68.0
Due in More Than One Year	32.4	70.7
Net Position Liability	1,698.9	1,661.1
<i>Total Liabilities</i>	<u>1,891.4</u>	<u>1,894.7</u>
Deferred Inflows of Resources		
Deferred Inflows Related to Pensions	31.7	0
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>1,923.1</u>	<u>1,894.7</u>
Net Position		
Net Investment in Capital Assets	233.1	251.6
Restricted:	40.2	135.2
Unrestricted	231.1	(54.2)
<i>Total Net Position</i>	<u>\$504.4</u>	<u>\$332.6</u>

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities.

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

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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: Present value of estimated future pension benefits attributable to active and inactive employees' past service less 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 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, the 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. This implementation also had the effect of restating net position at December 31, 2014, from \$1,777,654 to \$332,573 for governmental activities.

The Health District's Current Assets increased approximately \$119,400 due to increases in grant funding in 2015 and increased due to staffing gaps. Capital Assets decreased approximately \$18,500 due to depreciation of furniture, fixtures and equipment. Current liabilities decreased approximately \$5,100 due to a decrease in accrued wages and benefits. Long-term liabilities decreased approximately \$38,300 due to compensated absences.

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Table 2 provides a summary of the changes in net position for 2015 compared to 2014.

Table 2
Changes in Net Position
(In Thousands)

	<u>2015</u>	Governmental Activities <u>2014</u>
Program Revenues:		
Charges for Services	\$1,500.7	\$1,482.5
Operating Grants and Contributions	1,700.0	1,767.6
<i>Total Revenues</i>	<u>3,200.7</u>	<u>3,250.1</u>
Program Expenses:		
Environmental Health	1,194.1	1,164.4
Community Health Services	928.1	942.0
Health Promotion and Planning	112.0	194.9
Administration	794.7	771.5
<i>Total Expenses</i>	<u>3,028.9</u>	<u>3,072.8</u>
<i>Increase/Decrease in Net Position</i>	<u>171.8</u>	<u>177.3</u>

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include pension expense of \$255,220 for governmental activities computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense.

Governmental Activities

The Health District's governmental activities include Environmental Health, Community Health Services, Health Promotion and Planning and Administration. Overall expenses decreased by \$43,900 and revenues decreased by \$49,400. The decrease in expenses is due to the pension expense related to the new accounting standard on the presentation of the net pension liability. Operating grants and contributions decreased by \$67,600. Increases and decreases occur from year to year based on timing of receipt of grant payments and changes with all grants moving to a reimbursement basis.

Major programs in Environmental Health include Food Service, Solid Waste, Private Water, Private Sewage, Swimming Pool, and Plumbing Inspections.

Community Health Services includes the Bureau for Children with Medical Handicaps Program which provides diagnostic and treatment programs that link families with providers; the Tuberculosis Program, providing Tuberculosis skin testing and case management; Injury Prevention Program, working to reduce the number of injuries related to prescription drug

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overdoses; and Women, Infants and Children (WIC) whose goal is to improve the nutritional status of mothers, infants, and children during critical stages of growth and development.

The major program in Health Promotion and Planning is the Bioterrorism (Public Health Emergency Preparedness) Program that ensures public health is ready and able to respond to major emergencies or terrorism events.

Administration includes the overall administration of the Health District including fiscal management, support staff and vital statistics. Administration is also comprised of the Public Health Nuisance Program which addresses nuisance complaints made by citizens, administration of the Water and Waste Division and administration for the Nursing Division including support services, the Communicable Disease Program for tracking and conducting disease surveillance, and the Immunization Program, providing low cost immunizations for children and adults.

The Health District's strategy to secure the maximum amount of grants and contracts that are provided by the state and federal governments continues to be productive. Grants include Bioterrorism (Public Health Emergency Preparedness), Immunization, Preventive Health – Injury Prevention, and Women, Infants, and Children (WIC). The Health District also holds contracts with City of Cincinnati Health Department for Cities Readiness Initiative, the Clermont County Board of Commissioners for the Tuberculosis program, the Ohio Manufactured Home Commission for inspections, and the SmokeFree Ohio Workplace program.

Financial Analysis of the Health District's Funds

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

Governmental Funds: The focus of the Health 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 Health District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Health District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Health District's governmental funds reported combined ending fund balances of \$1,745,822. Of this amount, \$987,339 constitutes unassigned fund balance, which is available for spending. The remainder of fund balance is assigned or restricted to indicate that it is not available for new spending (\$758,483). The General Fund is the chief operating fund of the Health District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,039,610. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 78% of the total general fund expenditures.

Revenues exceeded expenditures in the General Fund by \$96,088 in 2015. Intergovernmental accounts for 53.7% of revenues in the General Fund. This consists of money from the townships, villages, and the City of Milford. Administration accounts for the majority, \$831,712, of expenditures in the General Fund.

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The WIC Administration Special Revenue Fund accounts for federal grant monies for the Women, Infants and Children (WIC) program. WIC is a program for pregnant women, women who recently had a baby, breastfeeding moms, infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. Starting with the Fiscal Year 2015 Grant, the funding of the grant was on a reimbursement basis. Money was advanced from the General Fund to begin the new grant year for WIC.

The Bioterrorism Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts. The program is responsible for developing the Health District's Emergency Operation Plan, all supporting documents, and training and exercise programs. Planning and preparedness are collaborative efforts done on a local level with involvement of key partners in Clermont County as well as regional partners. At the end of the 2015 fiscal year the ending fund balance was \$39,655.

The Sewage Program Special Revenue Fund accounts for permits and licenses for the onsite Sewage Program. The program is responsible for reviewing private sewage treatment system applications, issuing permits for installation and conducting inspections of the installation. The program also conducts basic system assessments of existing private sewage systems to ensure compliance with local and state laws. At the end of the current fiscal year the ending fund balance was \$231,037.

The Food Service Special Revenue Fund accounts for licenses for the Food Service Program. The program is responsible for licensing and inspecting food service operations to ensure safety and sanitation regulations are being followed. At the end of 2015 the ending fund balance was \$179,563.

PHHS Block Grant Fund accounts for grant funds received from Ohio Department of Health to be used to reduce the number of injuries related to prescription drug overdoses. Funding of this grant is on a reimbursement basis. Money was advanced from the General Fund to be able to cover the timing of when expenses were paid and the grant was received.

General Fund Budgeting Highlights

The Health District's budget is prepared and approved by the Board of Health according to Ohio Law by April 1st the year prior to the fiscal year. The budget is then approved by the Clermont County Budget Commission in May. The budget 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 2015, the Health District amended its general fund budget several times. All recommendations for the budget were reviewed by the Clermont County Board of Health for adoption on the change. With the General Fund supporting many of our major activities, the General Fund is monitored closely looking for possible revenue shortfalls or over spending. Expenditures are typically increased as needed to cover unanticipated costs. There were no additional appropriations in the General Fund budget in 2015.

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Capital Assets

The Health District's investment in capital assets for its governmental activities as of December 31, 2015, amounts to \$233,131 (net of accumulated depreciation). This investment in capital assets includes vehicles, furniture, and equipment.

Note 4 (Capital Assets) provides capital asset activity during 2015.

Major capital asset events during the current year included the following:

- The purchase of two vehicles.

Economic Factors and 2015 Budget

Clermont County experienced a downturn in residential growth starting in 2006 which has continued through 2015. This correlates to a decrease in the number of permits and licenses. The Health District maintains a conservative approach to spending while maximizing its revenues. Current economic indicators show that the economy should remain at its current pace. The Health District has taken steps to compensate for the decrease in revenues as a result of down turned growth by evaluating staffing positions as they become vacant and evaluating programs and services. The Health District's portion of state-based program revenue will be affected by the fiscal year 2016 State budget bill. The Health District anticipates a similar amount of state based funding for 2016.

All of these factors were considered in the preparation of the Health District's 2017 budget. The Health District has increased its 2017 budget by 3.43% in an attempt to continue providing public health services with the revenue projection based on current economic factors.

Requests for Information

This financial report is designed to provide our citizens, creditors, and investors with a general overview of the Health District's finances and to show the Health District's accountability for the money it receives. If you have any questions about this [report or need additional financial information](#), contact Katrina Stapleton, Clermont County General Health District, Fiscal Officer, 2275 Bauer Rd., Batavia, Ohio 45103, (513) 732-7499, cchealth@clermontcountyohio.gov or visit the Health District website at www.ccphohio.org.

Clermont County General Health District

Clermont County

Statement of Net Position

December 31, 2015

	<u>Governmental Activities</u>
ASSETS	
<i>Current assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,835,648
Intergovernmental Receivable	43,487
Net Pension Asset	5,871
Furniture, Fixtures, and Equipment	849,430
Accumulated Depreciation	(616,299)
<i>Total assets</i>	<u>2,118,137</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pensions	309,363
<i>Total assets and deferred outflows of resources</i>	<u>2,427,500</u>
 LIABILITIES	
Accounts Payable	24,023
Accrued Wages and Benefits	65,803
<i>Long-term liabilities:</i>	
Due Within One Year	70,254
Due in More Than One Year	32,370
Net Pension Liability	1,698,910
<i>Total liabilities</i>	<u>1,891,360</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pensions	31,664
<i>Total liabilities and deferred inflows of resources</i>	<u>1,923,024</u>
 NET POSITION	
Net investment in capital assets	233,131
Restricted for Environmental Health	40,220
Unrestricted	231,125
<i>Total net position</i>	<u>\$ 504,476</u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Primary Government
				Governmental Activities
Primary government:				
<i>Governmental activities:</i>				
Environmental Health	\$ 1,194,067	\$ 1,357,081	\$ 20,256	\$ 183,270
Community Health Services	928,113	114,404	770,971	(42,738)
Health Promotion and Planning	111,975	0	147,364	35,389
Administration	794,688	29,267	761,403	(4,018)
<i>Total primary government</i>	<u>\$ 3,028,843</u>	<u>\$ 1,500,752</u>	<u>\$ 1,699,994</u>	<u>171,903</u>
				332,573
				<u>\$ 504,476</u>

The notes to financial statements are an integral part of this statement.

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Clermont County General Health District
Clermont County
Balance Sheet
Governmental Funds
December 31, 2015

	General Fund	Food Service	PHHS Block Grant
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 826,561	\$ 187,470	\$ 6,226
Interfund Receivable	244,547	0	0
Intergovernmental Receivable	0	0	30,599
<i>Total assets</i>	<u>\$ 1,071,108</u>	<u>\$ 187,470</u>	<u>\$ 36,825</u>
LIABILITIES			
Accounts Payable	\$ 2,342	\$ 898	\$ 10,882
Accrued Wages and Benefits	28,236	7,009	1,335
Interfund Payable	0	0	19,500
Deferred Revenue	0	0	30,599
<i>Total liabilities</i>	<u>30,578</u>	<u>7,907</u>	<u>62,316</u>
FUND BALANCES (DEFICITS)			
Restricted			
Community Health	0	0	0
Environmental Health	0	179,563	0
Grants	0	0	0
Assigned			
Encumbrances	920	0	0
Unassigned	1,039,610	0	(25,491)
<i>Total fund balances (deficits)</i>	<u>1,040,530</u>	<u>179,563</u>	<u>(25,491)</u>
<i>Total liabilities and fund balances (deficits)</i>	<u>\$ 1,071,108</u>	<u>\$ 187,470</u>	<u>\$ 36,825</u>

The notes to financial statements are an integral part of this statement.

Bioterrorism Grant	WIC Administration	Sewage Program	Total Nonmajor Funds	Total Governmental Funds
\$ 84,481	\$ 155,005	\$ 241,939	\$ 333,966	\$ 1,835,648
0	0	0	0	244,547
0	5,177	0	7,711	43,487
<u>\$ 84,481</u>	<u>\$ 160,182</u>	<u>\$ 241,939</u>	<u>\$ 341,677</u>	<u>\$ 2,123,682</u>
\$ 9	\$ 1,478	\$ 3,517	\$ 4,897	\$ 24,023
1,770	15,405	7,385	4,663	65,803
43,047	160,000	0	22,000	244,547
0	5,177	0	7,711	43,487
<u>44,826</u>	<u>182,060</u>	<u>10,902</u>	<u>39,271</u>	<u>377,860</u>
0	0	0	182,306	182,306
0	0	231,037	125,002	535,602
39,655	0	0	0	39,655
0	0	0	0	920
0	(21,878)	0	(4,902)	987,339
<u>39,655</u>	<u>(21,878)</u>	<u>231,037</u>	<u>302,406</u>	<u>1,745,822</u>
<u>\$ 84,481</u>	<u>\$ 160,182</u>	<u>\$ 241,939</u>	<u>\$ 341,677</u>	<u>\$ 2,123,682</u>

**Clermont County General Health District
Reconciliation of Balance Sheet
To the Statement of Net Position
December 31, 2015**

Fund balances of governmental funds		\$ 1,745,822
<i>Amounts reported for governmental activities in 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.		233,131
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds.		
Intergovernmental Revenues		43,487
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(102,624)	
Net Pension Liability	(1,415,340)	
	(1,517,964)	(1,517,964)
Net position of governmental activities		\$ 504,476

The notes to financial statements are an integral part of this statement.

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Clermont County General Health District**Clermont County**

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended December 31, 2015

	General Fund	Food Service	PHHS Block Grant
REVENUES			
Taxes	\$ 294	\$ 0	\$ 0
Charges for Services	294,850	0	0
Licenses and Permits	329,940	315,662	0
Intergovernmental	766,610	0	72,973
Other Revenue	36,828	0	0
<i>Total revenues</i>	<u>1,428,522</u>	<u>315,662</u>	<u>72,973</u>
EXPENDITURES			
<i>Current:</i>			
Environmental Health	500,722	315,170	0
Community Health Services	0	0	89,093
Health Promotion and Planning	0	0	0
Administration	831,712	0	0
<i>Total expenditures</i>	<u>1,332,434</u>	<u>315,170</u>	<u>89,093</u>
<i>Net change in fund balances</i>	96,088	492	(16,120)
Fund balances - beginning	944,442	179,071	(9,371)
<i>Fund balances - ending</i>	<u>\$ 1,040,530</u>	<u>\$ 179,563</u>	<u>\$ (25,491)</u>

The notes to financial statements are an integral part of this statement.

Bioterrorism Grant	WIC Administration	Sewage Program	Total Nonmajor Funds	Total Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 294
0	0	0	108,050	402,900
0	0	337,445	83,708	1,066,755
147,364	576,760	0	122,260	1,685,967
0	0	75	8,949	45,852
<u>147,364</u>	<u>576,760</u>	<u>337,520</u>	<u>322,967</u>	<u>3,201,768</u>
0	0	335,908	74,899	1,226,699
0	588,882	0	213,277	891,252
126,623	0	0	0	126,623
0	0	0	0	831,712
<u>126,623</u>	<u>588,882</u>	<u>335,908</u>	<u>288,176</u>	<u>3,076,286</u>
20,741	(12,122)	1,612	34,791	125,482
18,914	(9,756)	229,425	267,615	1,620,340
<u>\$ 39,655</u>	<u>\$ (21,878)</u>	<u>\$ 231,037</u>	<u>\$ 302,406</u>	<u>\$ 1,745,822</u>

**Clermont County General Health District
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Year Ended December 31, 2015**

Net change in fund balances - total governmental funds \$ 125,482

Amounts reported for governmental activities in the statement of net position are different because:

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. This is the amount by which capital outlays exceeded depreciatoin in the current period.

Capital outlay	38,943	
Depreciation expense	(57,366)	
	(18,423)	(18,423)

Because some revenues will not be collected for several months after the County's fiscal year ends, they are not considered as "available" revenues and are unavailable in the governmental funds.

Intergovernmental Revenue	(1,022)	
	(1,022)	(1,022)

Compensated Absences and Net Pension Liability reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	36,124	
Net Pension	29,742	
	65,866	65,866

Change in net position of governmental activities		\$ 171,903
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The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

General Fund

	Original Budget	Final Budget	Actual	Variance with Final budget Positive (Negative)
Revenues:				
Taxes	\$ 712	\$ 712	\$ 294	\$ (418)
Charges for services	266,986	266,986	294,850	27,864
Licenses and permits	352,550	352,550	329,940	(22,610)
Intergovernmental	766,022	766,022	766,610	588
Other revenues	15,835	15,835	34,831	18,996
Total revenues	<u>1,402,105</u>	<u>1,402,105</u>	<u>1,426,525</u>	<u>24,420</u>
Expenditures:				
Current:				
Administration	793,638	793,438	834,527	(41,089)
Environmental health	609,663	608,765	511,324	97,441
Total expenditures	<u>1,403,301</u>	<u>1,402,203</u>	<u>1,345,851</u>	<u>56,352</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(1,196)</u>	<u>(98)</u>	<u>80,674</u>	<u>80,772</u>
Other financing sources:				
Proceeds from the sale of capital assets	0	0	1,997	1,997
Total other financing sources	<u>0</u>	<u>0</u>	<u>1,997</u>	<u>1,997</u>
Net Change in Fund Balance	(1,196)	(98)	82,671	82,769
Fund balance at beginning of year	741,777	741,777	741,777	0
Prior year encumbrances appropriated	1,197	1,197	1,197	0
Fund balance at end of year	<u>\$ 741,778</u>	<u>\$ 742,876</u>	<u>\$ 825,645</u>	<u>\$ 82,769</u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

Food Service Special Revenue Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Positive (Negative)</u>
Revenues:				
Licenses and permits	\$ 328,623	\$ 328,623	\$ 315,662	\$ (12,961)
Total revenues	<u>328,623</u>	<u>328,623</u>	<u>315,662</u>	<u>(12,961)</u>
Expenditures:				
Current:				
Environmental Health	<u>328,623</u>	<u>338,623</u>	<u>313,646</u>	<u>24,977</u>
Total expenditures	<u>328,623</u>	<u>338,623</u>	<u>313,646</u>	<u>24,977</u>
Net Change in Fund Balance	0	(10,000)	2,016	12,016
Fund balance at beginning of year	<u>185,453</u>	<u>185,453</u>	<u>185,453</u>	<u>0</u>
Fund balance at end of year	<u>\$ 185,453</u>	<u>\$ 175,453</u>	<u>\$ 187,469</u>	<u>\$ 12,016</u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

PHHS Block Grant Special Revenue Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 74,572	\$ 74,572	\$ 72,973	\$ (1,599)
Total revenues	<u>74,572</u>	<u>74,572</u>	<u>72,973</u>	<u>(1,599)</u>
Expenditures:				
Current:				
Community health services	86,523	83,857	83,844	13
Total expenditures	<u>86,523</u>	<u>83,857</u>	<u>83,844</u>	<u>13</u>
Net Change in Fund Balance	(11,951)	(9,285)	(10,871)	(1,586)
Fund balance at beginning of year	647	647	647	0
Prior year encumbrances appropriated	<u>11,951</u>	<u>11,951</u>	<u>11,951</u>	<u>0</u>
Fund balance at end of year	<u>\$ 647</u>	<u>\$ 3,313</u>	<u>\$ 1,727</u>	<u>\$ (1,586)</u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

Bioterrorism Grant Special Revenue Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 160,090	\$ 160,090	\$ 166,951	\$ 6,861
Total revenues	<u>160,090</u>	<u>160,090</u>	<u>166,951</u>	<u>6,861</u>
Expenditures:				
Current:				
Health planning and promotion	<u>160,090</u>	<u>160,090</u>	<u>129,459</u>	<u>30,631</u>
Total expenditures	<u>160,090</u>	<u>160,090</u>	<u>129,459</u>	<u>30,631</u>
Net Change in Fund Balance	0	0	37,492	37,492
Fund balance at beginning of year	<u>45,264</u>	<u>45,264</u>	<u>45,264</u>	0
Fund balance at end of year	<u>\$ 45,264</u>	<u>\$ 45,264</u>	<u>\$ 82,756</u>	<u>\$ 37,492</u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

WIC Administration Special Revenue Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 635,761	\$ 535,016	\$ 576,760	\$ 41,744
Total revenues	<u>635,761</u>	<u>535,016</u>	<u>576,760</u>	<u>41,744</u>
Expenditures:				
Current:				
Community health services	<u>636,735</u>	<u>635,997</u>	<u>585,233</u>	<u>50,764</u>
Total expenditures	<u>636,735</u>	<u>635,997</u>	<u>585,233</u>	<u>50,764</u>
Net Change in Fund Balance	(974)	(100,981)	(8,473)	92,508
Fund balance at beginning of year	162,267	162,267	162,267	0
Prior year encumbrances appropriated	<u>974</u>	<u>974</u>	<u>974</u>	<u>0</u>
Fund balance at end of year	<u>\$ 162,267</u>	<u>\$ 62,260</u>	<u>\$ 154,768</u>	<u>\$ 92,508</u>

The notes to financial statements are an integral part of this statement.

Clermont County General Health District
Clermont County
Statement of Revenues
Expenditures and Changes in
Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2015

Sewage Program Special Revenue Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget Positive (Negative)</u>
Revenues:				
Licenses and permits	\$ 355,002	\$ 355,002	\$ 337,445	\$ (17,557)
Other revenue	0	0	75	75
Total revenues	<u>355,002</u>	<u>355,002</u>	<u>337,520</u>	<u>(17,482)</u>
Expenditures:				
Current:				
Environmental Health	<u>355,308</u>	<u>355,093</u>	<u>335,767</u>	<u>19,326</u>
Total expenditures	<u>355,308</u>	<u>355,093</u>	<u>335,767</u>	<u>19,326</u>
Net Change in Fund Balance	(306)	(91)	1,753	1,844
Fund balance at beginning of year	239,844	239,844	239,844	0
Prior year encumbrances appropriated	<u>305</u>	<u>305</u>	<u>305</u>	<u>0</u>
Fund balance at end of year	<u>\$ 239,843</u>	<u>\$ 240,058</u>	<u>\$ 241,902</u>	<u>\$ 1,844</u>

The notes to financial statements are an integral part of this statement.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 – Reporting Entity

A five-member Board of Health, four of who are appointed by the District Advisory Council and one appointed by the Licensing Council, governs the Health District. The Board appoints a health commissioner and all employees of the Health District. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits and emergency response planning.

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

As required by generally accepted accounting principles, the financial statements present the Health District (the primary government). The primary government includes all funds, departments and boards for which the Health District is financially accountable. The Health District does not have any component units.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Presentation

The Health 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 Health District as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through payments from townships and villages, intergovernmental receipts or other non-exchange transactions.

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 Health District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore 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 Health 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 Health District.

Fund Financial Statements

During the year, the Health District segregates transactions related to certain Health District functions or activities in separate funds in order to aid financial management and to

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

demonstrate legal compliance. Fund financial statements are designed to present financial information of the Health 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. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Health 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 Health District are presented in one category; governmental.

Governmental Funds

Governmental funds are those through which all governmental functions of the Health District are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Health District's major governmental funds:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Food Service Special Revenue Fund – The Food Service Fund accounts for all permits and services for the food service program.

PHHS Block Grant Special Revenue Fund- The PHHS Block Grant Special Revenue Fund accounts for federal grant monies for the Injury Prevention program.

Bioterrorism Special Revenue Fund – The Bioterrorism Special Revenue Fund accounts for federal grant monies for public health infrastructure and emergency planning efforts.

WIC Administration Special Revenue Fund – The WIC Administration Special Revenue Fund accounts for federal grant monies for the Women, Infants and Children program.

Sewage Program Special Revenue Fund – The Sewage Fund accounts for all permits, applications and basic system assessment fees for the residential sewage program.

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

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds for the Health District are classified as internal service. The Health District currently does not have any proprietary funds.

C. Change in Accounting Principle and Restatement of Net Position

For 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2014:

	Governmental Activities
Net Position December 31, 2014	\$ 1,777,654
Adjustments:	
Deferred Outflow Related to Pension	214,402
Net Pension Asset	1,614
Net Pension Liability	(1,661,097)
Restated Net Position December 31, 2014	\$ 332,573

D. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position. The Statement of Activities presents increases (i.e., revenue) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenue and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

E. 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. Proprietary funds use the 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 revenue, and in the presentation of expenses versus expenditures.

Revenues-Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is 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 Health District, available means expected to be received within thirty days of year-end.

Non-exchange transactions, in which the Health District receives value without directly giving equal value in return include monies from villages, townships, and the City of Milford, grants, entitlements and donations. Revenue from township and village monies, 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 Health District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Health District on a reimbursement basis.

On a modified accrual basis, revenue from non-exchange transactions must also 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 charges for services.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

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.

F. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The budget determines the amount of money that is needed from the townships, villages and the City of Milford. The certificate of estimated resources establishes a limit on the amount the Health District may appropriate. The appropriations resolution is the Health District's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Health District. The legal level of control has been established by the Health District at the fund, department, and 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 Health 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 County Board of Health.

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 County Board of Health during the year.

G. Cash and Investments

The County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Clermont County Auditor, Linda L. Fraley, 101 E Main St. 2nd Floor, Batavia, Ohio 45103, www.clermontauditor.org, (513) 732-7150.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

H. Capital Assets

Capital assets, which include vehicles and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 (amount not

rounded) and an estimated useful life in excess of three years. 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>Assets</u>	<u>Years</u>
Vehicles	5-10
Furniture & Equipment	5-10

I. Interfund Transactions

On fund financial statements, receivables and payables resulting from interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net position.

J. Compensated Absences

Vacation, personal and compensatory benefits are accrued as a liability as the benefits are earned if the employees' right 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.

Unused vacation is payable upon termination of employment. Employees with a minimum of 6 months of service and have been removed from probation become vested in accumulated unpaid vacation. Unused vacation is payable upon termination of employment. Unused sick time may be accumulated until retirement. Employees eligible to retire under a District recognized retirement plan, with a minimum of ten years of service, are paid one-fourth of accumulated sick time upon retirement. Such payment may not exceed the value of thirty days of accrued but unused sick leave. All sick, vacation, personal and compensation payments are made at employees' current wage rates.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

K. 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.

L. Net Position

Net Position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Board of Health or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Health 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.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Board 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

Enabling legislation authorizes the Board to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Board can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the

CLERMONT COUNTY GENERAL HEALTH DISTRICT
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Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (continued)

specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered legally enforceable. 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 Board for specific purposes but do not meet the criteria to be classified as restricted or 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 the Board or by State Statute.

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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. Interfund Transactions

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.

O. 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 in the financial statements and accompanying notes. Actual results may differ from those estimates.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 3 – Budgetary Basis of Accounting

While the Health District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (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 with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Advances in and advances out are operating transactions (Budget) as opposed to balance sheets 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.

**Net Change in Fund Balance
General and Major Special Revenue Funds**

	General	Food Service	PHHS Block
GAAP Basis	\$96,088	\$492	(\$16,120)
Net Adjustment for Revenue Accruals	0	0	0
Net Adjustment for Expense Accruals	(13,417)	1,524	5,249
Net Adjustment for Advances	0	0	0
Net Adjustments for Transfers	0	0	0
Budget Basis	\$82,671	\$2,016	\$(10,871)

	Bioterrorism	WIC Administration	Sewage Program
GAAP Basis	\$20,741	(\$12,122)	\$1,612
Net Adjustment for Revenue Accruals	19,587	0	0
Net Adjustment for Expense Accruals	(2,836)	3,649	141
Net Adjustment for Advances	0	0	0
Net Adjustments for Transfers	0	0	0
Budget Basis	\$37,492	\$(8,473)	\$1,753

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>12/31/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2015</u>
Governmental Activities				
Capital Assets being depreciated:				
Furniture, Fixtures, and Equipment	\$837,669	\$38,944	\$(27,183)	\$849,430
Total Capital Assets at Historical cost being depreciated	<u>837,669</u>	<u>38,944</u>	<u>(27,183)</u>	<u>849,430</u>
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(586,116)	(57,366)	27,183	(616,299)
Total Accumulated Depreciation	<u>(586,116)</u>	<u>(57,366)</u>	<u>27,183</u>	<u>(616,299)</u>
Governmental Activities Capital Assets, Net	<u>\$251,553</u>	<u>\$(18,422)</u>	<u>\$0</u>	<u>\$233,131</u>

Depreciation expense was charged to governmental functions as follows:

Environmental Health	\$4,558
Community Health Services	40,357
Health Promotion and Planning	4,553
Administration	8,098
Total Depreciation Expense - Governmental Activities	<u>\$57,366</u>

Note 5 – Interfund Receivables/Payables

Individual fund interfund assets/liabilities balances as of December 31, 2015 related to the primary government were as follows:

	<u>Receivable</u>	<u>Payable</u>
General	\$244,547	
WIC Administration		\$160,000
Bioterrorism Grant		43,047
PHHS Block Grant		19,500
Nonmajor Governmental Funds		22,000
TOTAL	<u>\$244,547</u>	<u>\$244,547</u>

Note 6 – Amendments to Original Appropriations Budget

Amendments beyond the object level must be approved by the Board of Health. In 2015, the original appropriation measure was increased and decreased by the Board with the net effect as follows: Special Revenue Funds \$25,000.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 7 - Risk Management

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

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

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

Casualty and Property 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, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014 (the latest information available).

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

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the District's share of these unpaid claims collectible in future years is approximately \$12,000.

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

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 7 - Risk Management (continued)

<u>Contributions to PEP</u>	
2013	\$21,980
2014	\$20,950
2015	\$19,248

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Note 8 - 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.

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 the 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 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* on both the accrual and modified accrual bases of accounting.

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 8 - Defined Benefit Pension Plans (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan and the combined plan. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that 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 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 and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	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	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Formula:	Formula:	Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

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

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 8 - Defined Benefit Pension Plans (continued)

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

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

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The District's contractually required contribution to OPERS was \$256,724 for calendar year 2015. 100% has been contributed for the years 2015.

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

The net pension liability for OPERS was measured as of December 31, 2014. 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:

	Governmental Activities		
	PERS Traditional Plan	PERS Combined Benefit Plan	Total
Proportionate Share of the Net Pension Liability	\$ 1,698,910	\$ (5,871)	\$ 1,693,039
Proportion of the Net Pension Liability	0.466576%	0.509332%	
Pension Expense	\$ 184,645	\$ 3,935	\$ 188,580

CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 8 - Defined Benefit Pension Plans (continued)

At December 31, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PERS Traditional Plan	PERS Combined Benefit Plan	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 90,679	\$ 361	\$ 91,040
County contributions subsequent to the measurement date	211,446	6,877	218,323
Total Deferred Outflows of Resources	\$ 302,125	\$ 7,238	\$ 309,363
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 29,857	\$ 1,807	\$ 31,664

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

	PERS Traditional Plan	PERS Combined Benefit Plan	Total
Year			
2016	\$ (8,894)	\$ 125	\$ (8,769)
2017	(8,894)	125	(8,769)
2018	(20,365)	125	(20,240)
2019	(22,670)	125	(22,545)
2020	0	214	214
2021-2024	0	732	732
Total	\$ (60,823)	\$ 1,446	\$ (59,377)

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, 2014, 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	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 8 - Defined Benefit Pension Plans (continued)

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 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 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the 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 2014 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	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.28 %</u>

Discount Rate

The discount rate used to measure the total pension liability was 8 percent. 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 statutorily required rates. 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 was applied to all periods of projected benefit payments to determine the total pension liability.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 8 - Defined Benefit Pension Plans (continued)

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 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 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:

OPERS Traditional Plan

	1% Decrease <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
County's proportionate share of the net pension liability	\$ 3,209,385	\$ 1,698,910	\$ 510,719

OPERS Combined Benefit Plan

	1% Decrease <u>(7.00%)</u>	Current Discount Rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
County's proportionate share of the net pension liability	\$ (7,895)	\$ (5,871)	\$ (115,262)

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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

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.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by state statute. The 2015 employer contribution rate was 14.0% of covered payroll for employees. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for employees and 18.1% of covered payroll for law enforcement and public safety employees. Active member contributions do not fund health care.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2015

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The County's actual contributions for 2015, 2014, and 2013 which were used to fund OPEB were \$36,660; \$36,455; and \$18,481; respectively. 100% has been contributed for the years 2015, 2014, and 2013.

Note 10 – Other Employee Benefits

Health District employees have the option of participating in three state-wide deferred compensation plans created in accordance with the Internal Revenue Code Section 457. Under this program, employees elect to have a portion of their pay deferred until a future time. According to this plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred pay and any income earned thereon is not subject to income tax until actually received by the employee. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights (until paid or made available to the employee or other beneficiary) must be held in a trust, custodial account, or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Deferred amounts from the plan are not considered "made available" just because a trust, custodial account or annuity contract holds these amounts. The Plan Agreement states that the County and the plan administrators have no liability for losses under the plan with the exception of fraud or wrongful taking.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Health District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 12 – Long-Term Liabilities

Long-term obligations of the Health District at December 31, 2015 were as follows:

	Balance <u>12/31/2014</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2015</u>	Amounts Due in One Year
Compensated Absences	\$138,747	\$31,880	\$68,003	\$102,624	\$70,254
Net Pension Liability	1,661,097	37,813	0	1,698,910	0
Total	<u>\$1,799,844</u>	<u>\$69,693</u>	<u>\$68,003</u>	<u>\$1,801,534</u>	<u>\$70,254</u>

Compensated absences will be paid from the fund from which the employee's salary is paid.

Clermont County General Health District
Clermont County, Ohio

Required Supplementary Information

Schedule of the Health District's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Pension Plan
Last Two Fiscal Years

	2015	2014
Health District's Proportion of the Net Pension Liability - Traditional Pension Plan ¹	0.014091%	0.014091%
Health District's Proportionate Share of the Net Pension Liability - Traditional Pension Plan	\$ 1,698,910	\$ 1,661,098
Health District's Covered-Employee Payroll ²	\$ 1,809,251	\$ 1,810,837
Health District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	93.90%	91.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Traditional Pension Plan	86.45%	86.45%

Note: Information prior to 2014 is not available

¹The Health District is part of Clermont County's entity for the purpose of reporting contributions to PERS. The percentage has been taken as to the Health District's contributions to PERS to determine the Health District's proportionate share

²Health District's Covered-Employee Payroll is split with the Combined Benefit Plan and the percentage is based on the Health District's Proportionate Share of the Net Pension Liability in each plan.

Clermont County General Health District
Clermont County, Ohio

Required Supplementary Information

Schedule of the Health District's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Combined Benefit Plan
Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Health District's Proportion of the Net Pension Liability - Combined Benefit Plan ¹	0.015382%	0.015382%
Health District's Proportionate Share of the Net Pension (Asset) Liability - Combined Benefit Plan	<u>(5,871)</u>	<u>(1,614)</u>
Health District's Covered-Employee Payroll ²	54,093	53,836
Health District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	-10.85%	-3.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability - Combined Benefit Plan	114.83%	114.83%

Note: Information prior to 2014 is not available

¹The Health District is part of Clermont County's entity for the purpose of reporting contributions to PERS. The percentage has been taken as to the Health District's contributions to PERS to determine the Health District's proportionate share

²Health District's Covered-Employee Payroll is split with the Combined Benefit Plan and the percentage is based on the Health District's Proportionate Share of the Net Pension Liability in each plan.

Clermont County General Health District

Clermont County, Ohio

Required Supplementary Information

Schedule of Health District Contributions

Ohio Public Employees Retirement System - Traditional Plan

Last Two Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 249,151	\$ 241,204
Contributions in Relation to the Contractually Required Contribution	<u>249,151</u>	<u>241,204</u>
Contribution Deficiency (Excess)	<u>0</u>	<u>0</u>
County Covered-Employee Payroll	1,809,251	1,810,837
Contributions as a Percentage of Covered- Employee Payroll	13.77%	13.32%

Note: Information prior to 2014 is not available

Clermont County General Health District
Clermont County, Ohio

Required Supplementary Information

Schedule of Health District Contributions

Ohio Public Employees Retirement System - Combined Benefit Plan

Last Two Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 7,573	\$ 7,537
Contributions in Relation to the Contractually Required Contribution	<u>7,573</u>	<u>7,537</u>
Contribution Deficiency (Excess)	<u>0</u>	<u>0</u>
County Covered-Employee Payroll	54,093	53,836
Contributions as a Percentage of Covered- Employee Payroll	14.00%	14.00%

Note: Information prior to 2014 is not available

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**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Health</i>				
Preventive Health and Health Services Block Grant - Injury Prevention	01310014IP0714	93.991	20,295	12,068
Preventive Health and Health Services Block Grant - Injury Prevention	01310014IP0815	93.991	52,677	67,276
			<u>72,973</u>	<u>79,344</u>
Immunization Grants	01310012IM0714	93.268	5,002	1,551
Immunization Grants	01310012IM0815	93.268	41,951	44,922
			<u>46,953</u>	<u>46,473</u>
Public Health Emergency Preparedness Grant	01310012PH0615	93.069	83,551	86,307
Public Health Emergency Preparedness Grant	01310012PH0716	93.069	83,400	41,425
			<u>166,951</u>	<u>127,732</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>286,876</u>	<u>253,550</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program)	01310011WA0815	10.557	450,015	453,075
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC Program)	01310011WA0916	10.557	126,745	131,922
			<u>576,760</u>	<u>584,997</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>576,760</u>	<u>584,997</u>
TOTAL			<u>\$ 863,636</u>	<u>\$ 838,546</u>

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

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Year Ended December 31, 2015

Note 1 – Basis Of Presentation

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

Note 2 – Summary Of Significant Accounting Policies

Receipts and Expenditures reported on the Schedule are reported on the cash basis of accounting.

Note 3 – Matching Requirements

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

Note 4 – Medicaid Administrative Claiming Adjustments

During the calendar year, the Health District received a deferred payment from the Ohio Department of Health (ODH) for the Medicaid program (CFDA #93.778) in the amount of \$39,916.54. The deferred payment was for Medicaid Administrative Claiming (MAC) expenses of the Health District incurred in prior reporting periods due to federal funding received by ODH to reimburse these expenses and also due to changes in the Health District's Medicaid Eligibility Rate (MER) for certain activity codes within MAC. This revenue is not listed on the Health District's Schedule of Federal Awards since the underlying expenses are on a cost-reimbursement basis and occurred in prior reporting periods.



Dave Yost • Auditor of State

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

Clermont County General Health District
Clermont County
2275 Bauer Road, Suite 300
Batavia, Ohio 45103

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 Clermont County General Health District, Clermont County, (the District) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 28, 2016 wherein we noted that the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

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 opinion 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.

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

Dave Yost
Auditor of State

Columbus, Ohio

July 28, 2016



Dave Yost • Auditor of State

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

Clermont County General Health District
Clermont County
2275 Bauer Road, Suite 300
Batavia, Ohio 45103

To the Board of Health:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

July 28, 2016

**CLERMONT COUNTY GENERAL HEALTH DISTRICT
CLERMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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CLERMONT COUNTY GENERAL HEALTH DISTRICT

CLERMONT 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
SEPTEMBER 1, 2016**