



**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2019

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
FAIRFIELD COUNTY
DECEMBER 31, 2019**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County General Health District, Fairfield County, Ohio (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County General Health District, Fairfield County, Ohio, as of December 31, 2019, and the respective changes in financial position and, where applicable, the respective budgetary comparisons for the General, Food Services, Women, Infants and Children, Bioterrorism Grant, and Landfill/C & DD Disposal funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 20, 2020

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The management discussion and analysis of the Fairfield County General Health District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended December 31, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- For 2019, the total net position of the District decreased \$24,609 or 2.31%.
- General revenues accounted for \$527,392 in revenue or 16.57% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$2,654,874 or 83.43% of total revenues of \$3,182,266.
- The District had \$3,206,875 in expenses related to governmental activities; \$2,654,874 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily property taxes) of \$527,392 were not adequate to provide for these programs.
- The District's major funds are the general fund, the food service fund, the women, infants and children fund, the bioterrorism grant fund and the landfill/c & dd disposal fund. The general fund had \$2,339,610 in revenues and \$2,016,423 in expenditures and other financing uses. During 2019, fund balance increased from \$805,141 to \$1,128,328.
- The food service fund, a District major fund, had \$259,775 in revenues and other financing sources and \$252,991 in expenditures. During 2019, fund balance increased from a deficit of \$11,507 to a deficit of \$4,723.
- The women, infants and children fund, a District major fund, had \$471,954 in revenues and \$480,085 in expenditures. During 2019, fund balance decreased from \$133,048 to \$124,917.
- The bioterrorism grant fund, a District major fund, had \$124,286 in revenues and \$113,296 in expenditures. During 2019, fund balance increased from \$59,827 to \$70,817.
- The landfill/c & dd disposal fund, a District major fund, had \$222,001 in revenues and \$188,413 in expenditures. During 2019, fund balance increased from \$301,759 to \$335,347.

Using this Annual Financial Report

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

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

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the food service fund, the women, infants and children fund, the bioterrorism grant fund and landfill/c & dd disposal fund.

Governmental Funds

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

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

The District maintains a multitude of individual governmental funds. The District has segregated these funds into major funds and nonmajor funds. The District's major governmental funds are the general fund, the food service fund, the women, infants and children fund, the bioterrorism grant fund, and the landfill/c & dd disposal fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Notes to the Basic Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

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

Government-wide Financial Analysis

The table below provides a summary of the District's government-wide assets, deferred outflows, liabilities, deferred inflows and net position at December 31, 2019 and 2018.

	Net Position	
	Governmental Activities	
	2019	2018
<u>Assets</u>		
Current and other assets	\$ 2,128,458	\$ 1,965,505
Capital assets, net	75,044	95,022
Total assets	2,203,502	2,060,527
<u>Deferred outflows</u>		
Pension	709,411	349,748
OPEB	88,176	71,219
Total deferred outflows	797,587	420,967
<u>Liabilities</u>		
Current liabilities	264,510	425,613
Long-term liabilities:		
Due within one year	108,600	103,861
Net pension liability	2,378,645	1,398,112
Net OPEB liability	1,124,366	967,778
Other amounts	47,480	48,545
Total liabilities	3,923,601	2,943,909
<u>Deferred inflows</u>		
Pension	105,352	459,363
OPEB	63,329	144,806
Total deferred inflows	168,681	604,169
<u>Net Position</u>		
Investment in capital assets	75,044	95,022
Restricted	374,828	329,391
Unrestricted (deficit)	(1,541,065)	(1,490,997)
Total net position (deficit)	\$ (1,091,193)	\$ (1,066,584)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net pension asset.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange"—that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the District as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Total net position at December 31, 2019 was a deficit of \$1,091,193. The investment in capital assets of \$75,044 represents the District's capital assets, less accumulated depreciation. Another \$374,828 represents net position that is subject to external restrictions on its use. The remaining balance of unrestricted net position is a deficit of \$1,541,065. The deficit is a result of reporting the District's share of the pension systems' net pension liability and net OPEB liability, and the related deferred inflows/outflows of resources.

The table below shows the changes in net position for 2019 and 2018.

	Change in Net Position		
	<u>2019</u>	<u>2018</u>	<u>% Change</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 1,640,846	\$ 1,557,072	5.38 %
Operating grants and contributions	1,014,028	753,918	34.50 %
General revenues:			
Property taxes	489,882	466,554	5.00 %
Grants and entitlements	22,074	132,913	(83.39) %
Contributions and donations	-	10,021	(100.00) %
Other	<u>15,436</u>	<u>18,526</u>	(16.68) %
Total revenues	<u>3,182,266</u>	<u>2,939,004</u>	8.28 %
<u>Expenses</u>			
Program expenses:			
Health:			
Environmental health	1,277,760	1,053,773	21.26 %
Community health services	1,014,908	1,345,839	(24.59) %
Health promotion and planning	147,164	310,466	(52.60) %
Administration	<u>767,043</u>	<u>286,754</u>	167.49 %
Total expenses	<u>3,206,875</u>	<u>2,996,832</u>	7.01 %
Change in net position	(24,609)	(57,828)	
Net position (deficit) at beginning of year	<u>(1,066,584)</u>	<u>(1,008,756)</u>	
Net position (deficit) at end of year	<u>\$ (1,091,193)</u>	<u>\$ (1,066,584)</u>	(2.31) %

Governmental Activities

Governmental activities net position decreased \$24,609 or 2.31% in 2019. Both revenues and expenses increased, but expenses still outpaced revenues. The increase in both revenues and expenses is primarily related to grant funding from the Ohio Water Development Authority in 2019 for household sewage treatment system projects.

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

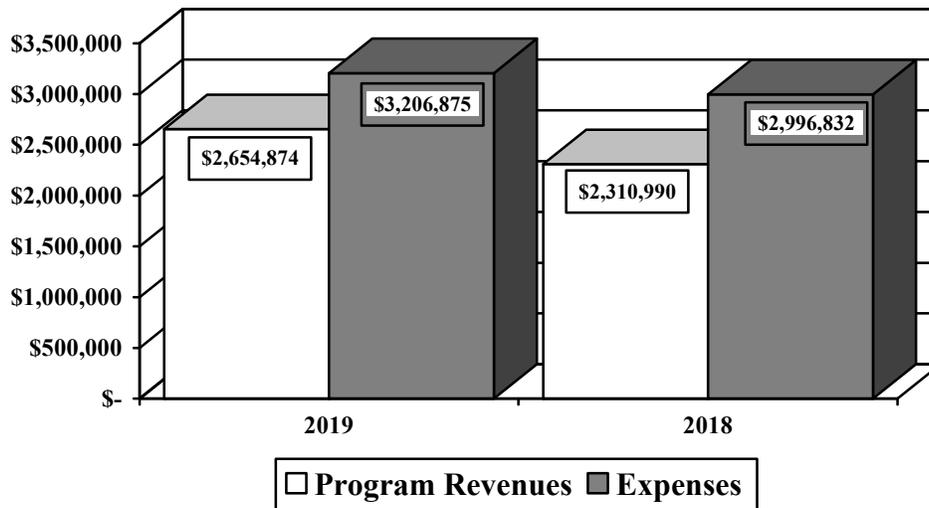
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The State and federal government contributed to the District a total of \$1,014,028 in operating grants and contributions. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions, \$323,778 subsidized environmental health programs, \$553,163 subsidized community health services programs and \$137,087 subsidized health promotion and planning programs. The District’s strategy to secure the maximum amount of grants and contributions that are provided by the state and federal governments continues to be productive. Grants include Immunization Action Plan, Bioterrorism, Child and Family Health Services, Women, Infants, and Children (WIC), and the Ohio Water Development Authority (OWDA) loan forgiveness program.

General revenues totaled \$527,392 and amounted to 16.57% of total governmental revenues. These revenues primarily consist of property tax revenue of \$489,882.

Environmental health accounted for \$1,277,760 or 39.84% of the total expenses of the District. Major programs in environmental health include food service, water and sewage system, and landfill inspections. These expenses were fully funded by \$991,608 in direct charges to users of the services and \$323,778 in operating grants and contributions. Community health services accounted for \$1,014,908 or 31.65% of the total expenses of the District. Major programs in community health services include the immunization clinic and women, infants, and children program services. These expenses were partially funded by \$337,046 in direct charges to users of the services and \$553,163 in operating grants and contributions. Administration accounted for \$767,043 or 23.92% of the total expenses of the District. These are general expenses that account for the operation of the District as a whole, such as wages and benefits for employees that are not assigned to a specific program. These expenses were partially funded by \$309,683 in direct charges to users of the services, which consists of revenues from the District’s services agreement with the City of Lancaster.

Governmental Activities - Program Revenues vs. Total Expenses



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

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

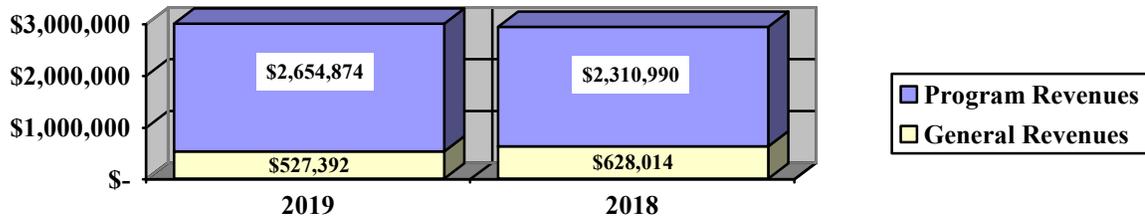
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program expenses:				
Environmental health	\$ 1,277,760	\$ (37,626)	\$ 1,053,773	\$ 191,560
Community health services	1,014,908	124,699	1,345,839	484,714
Health promotion and planning	147,164	7,568	310,466	(30,440)
Administration	<u>767,043</u>	<u>457,360</u>	<u>286,754</u>	<u>40,008</u>
Total	<u>\$ 3,206,875</u>	<u>\$ 552,001</u>	<u>\$ 2,996,832</u>	<u>\$ 685,842</u>

Most of the District's expenses are supported through program revenues, with program revenue support of 82.79% and 77.11% in 2019 and 2018, respectively.

Governmental Activities - General and Program Revenues



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The District's governmental funds reported a combined fund balance of \$1,863,948 which is \$336,261 more than last year's total of \$1,527,687. The following schedule indicates the fund balances and the total change in fund balances as of December 31, 2019 for all major and nonmajor governmental funds.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Fund Balances (Deficit) <u>12/31/19</u>	Fund Balances (Deficit) <u>12/31/18</u>	<u>Change</u>
Major funds:			
General	\$ 1,128,328	\$ 805,141	\$ 323,187
Food service	(4,723)	(11,507)	6,784
Women, infants & children	124,917	133,048	(8,131)
Bioterrorism grant	70,817	59,827	10,990
Landfill/c & dd disposal	335,347	301,759	33,588
Other nonmajor governmental funds	<u>209,262</u>	<u>239,419</u>	<u>(30,157)</u>
Total	<u>\$ 1,863,948</u>	<u>\$ 1,527,687</u>	<u>\$ 336,261</u>

General Fund

The District's general fund balance increased \$323,187. The table that follows assists in illustrating the revenues of the general fund.

	<u>2019 Amount</u>	<u>2018 Amount</u>	<u>Percentage Change</u>
Revenues			
Property taxes	\$ 489,882	\$ 466,554	5.00 %
Charges for services	932,255	396,873	134.90 %
Licenses and permits	567,602	517,001	9.79 %
Fines and forfeitures	95	-	100.00 %
Intergovernmental	335,326	132,913	152.29 %
Contributions and donations	7,685	10,021	(23.31) %
Other	<u>6,765</u>	<u>8,020</u>	<u>(15.65) %</u>
Total	<u>\$ 2,339,610</u>	<u>\$ 1,531,382</u>	52.78 %

The overall increase in revenues is due in large part to the establishment of a self-insurance fund in 2019 to recoup the cost of medical and dental insurance premiums from other District funds. These revenues are reported as charges for services. Intergovernmental governmental revenues also increased, which is mostly due to additional grant funding from the OWDA.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

	2019 <u>Amount</u>	2018 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
Environmental health	\$ 616,875	\$ 210,612	192.90 %
Community health services	276,273	317,566	(13.00) %
Health promotion and planning	16,842	85,397	(80.28) %
Administration	705,932	265,387	166.00 %
Claims	<u>337,930</u>	<u>597,360</u>	<u>(43.43) %</u>
 Total	 <u>\$ 1,953,852</u>	 <u>\$ 1,476,322</u>	 32.35 %

The overall increase in expenditures is primarily a result of the self-insurance fund mentioned previously. These expenditures represent the insurance premium costs and are reflected in administration expenditures. Claims expenditures represent the medical and dental claims payments. The fluctuations in other expenditure categories is mostly due to the District examining its general fund programs and reclassifying certain expenditures to reflect the program costs more accurately.

Food Service Fund

The food service fund is reported as a major fund and is used to account for activities related to the issuance of food service licenses as well as food service inspections conducted by the District in Fairfield County. In 2019 this fund had \$259,775 in revenues and other financing sources and \$252,991 in expenditures, and fund balance increased from a deficit of \$11,507 to a deficit of \$4,723.

Women, Infants and Children Fund

The women, infants and children (WIC) fund is reported as a major fund and is used to account for grant monies for the administration of the WIC program. In 2019 his fund had \$471,954 in revenues and \$480,085 in expenditures, and fund balance decreased from \$133,048 to \$124,917.

Bioterrorism Grant Fund

The bioterrorism grant fund is reported as a major fund and is used to account for State grant monies for bioterrorism prevention and education. In 2019 his fund had \$124,286 in revenues and \$113,296 in expenditures, and fund balance increased from \$59,827 to \$70,817.

Landfill/C & DD Disposal Fund

The landfill/c & dd disposal fund is reported as a major fund and is used to account for activities related to the operation and upkeep of the landfill/construction and demolition debris facility. In 2019 his fund had \$222,001 in revenues and \$188,413 in expenditures, and fund balance increased from \$301,759 to \$335,347.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of 2019, the District amended its general fund budget several times. For the general fund, original budgeted revenues were \$1,338,699. This was increased to \$1,583,781 in the final budget, mostly to account for additional intergovernmental grant revenue from the OWDA. Actual revenues for 2019 were \$1,806,398 or \$222,617 more than the final budget. Licenses and permits revenue was \$115,146 more than budgeted due to an increase in both birth and death certificates and also commercial, residential and sewage permits. Intergovernmental revenue was \$97,302 more than the final budget due to the District receiving additional OWDA grant disbursements towards the end of the year.

General fund original appropriations (expenditures plus other financing uses) totaled \$1,421,329 and final appropriations and other financing uses totaled \$1,993,406. Most of the increase from original to final budget was to account for a water pollution control project financed by the OWDA grant funding mentioned above. In addition, the final budget reflected an increase in payments to the District's third-party administrator for the self-insurance program. The actual budget basis expenditures and other financing uses for 2019 totaled \$1,789,939, which was \$203,467 less than the final budget appropriations. Administration expenditures were \$100,513 less than the final budget mostly due to savings in personnel costs. Additionally, actual transfers out were \$45,280 less than budgeted as various anticipated transfers to other funds were not needed.

Capital Assets

At the end of 2019, the District had \$75,044 (net of accumulated depreciation) invested in furniture, fixtures and equipment, and vehicles. The following table shows 2019 balances compared to 2018:

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

	Governmental Activities	
	2019	2018
Furniture, fixtures and equipment	\$ 41,643	\$ 50,307
Vehicles	33,401	44,715
Total	\$ 75,044	\$ 95,022

There were no additions to or disposals of capital assets in 2019. The only change was depreciation expense of \$19,978. See Note 5 in the notes to the basic financial statements for additional information on the District's capital assets.

Economic Factors and Next Year's Budget

The health department maintained a staff of approximately 30 during 2019. The Board awarded all qualifying employees a 2% salary increase in 2019.

Lancaster's contract with the health department for 2019 was \$309,682 and will increase to \$317,424 for 2020. The contribution of the District Advisory Council for 2019 was \$489,882 and will remain the same for 2020. In 2019, the health department provided plumbing inspections in Hocking County, this service will continue in 2020.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The health department's 2020 grant revenue will increase due to the COVID-19 grant funds and the addition of two new grants, Maternal and Child Health and Cribs for Kids, all other grants will remain about the same as in 2019. The health department received an award for WPCLF funds in the amount of \$150,000 for 2019 and 2020.

Any shortfalls in funding for 2020 will be covered by the \$1,083,656 cash that was carried over in our General Fund.

Contacting the Government's Financial Management

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

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

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,030,190
Receivables:	
Accounts	13,622
Intergovernmental	61,723
Prepayments	22,923
Capital assets:	
Depreciable capital assets, net.	75,044
Total capital assets, net	75,044
 Total assets	 2,203,502
Deferred outflows of resources:	
Pension.	709,411
OPEB.	88,176
Total deferred outflows of resources.	797,587
 Total assets and deferred outflows of resources	 3,001,089
Liabilities:	
Accounts payable	79,549
Accrued wages and benefits payable	78,272
Intergovernmental payable	94,713
Claims payable	11,976
Long-term liabilities:	
Due within one year	108,600
Due in more than one year:	
Net pension liability.	2,378,645
Net OPEB liability.	1,124,366
Other amounts due in more than one year.	47,480
Total liabilities.	3,923,601
Deferred inflows of resources:	
Pension.	105,352
OPEB.	63,329
Total deferred inflows of resources	168,681
 Total liabilities and deferred inflows of resources	 4,092,282
Net position:	
Investment in capital assets	75,044
Restricted for:	
Landfill C&DD disposal	304,052
Other purposes	70,776
Unrestricted (deficit)	(1,541,065)
Total net position (deficit)	\$ (1,091,193)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Environmental health	\$ 1,277,760	\$ 991,608	\$ 323,778	\$ 37,626
Community health services	1,014,908	337,046	553,163	(124,699)
Health promotion and planning	147,164	2,509	137,087	(7,568)
Administration.	767,043	309,683	-	(457,360)
Total governmental activities	\$ 3,206,875	\$ 1,640,846	\$ 1,014,028	(552,001)
General revenues:				
Property taxes levied for:				
General purposes				489,882
Grants and entitlements not restricted to specific programs				22,074
Miscellaneous				15,436
Total general revenues				527,392
Change in net position				(24,609)
Net position (deficit) at beginning of year				(1,066,584)
Net position (deficit) at end of year				\$ (1,091,193)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General</u>	<u>Food Service</u>	<u>Women, Infants and Children</u>	<u>Bioterrorism Grant</u>	<u>Landfill C & DD Disposal</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 1,265,778	\$ 22,702	\$ 107,181	\$ 76,051	\$ 355,104
Receivables:					
Accounts	2	-	-	-	-
Due from other governments	4,427	-	38,145	2,171	-
Prepayments	14,842	1,684	2,640	812	369
Total assets	<u>\$ 1,285,049</u>	<u>\$ 24,386</u>	<u>\$ 147,966</u>	<u>\$ 79,034</u>	<u>\$ 355,473</u>
Liabilities:					
Accounts payable	\$ 52,358	\$ 17,561	\$ 469	\$ 155	\$ 990
Accrued wages and benefits payable .	37,458	8,199	15,137	5,753	827
Intergovernmental payable	54,929	3,349	7,443	2,309	18,309
Claims payable	11,976	-	-	-	-
Total liabilities	<u>156,721</u>	<u>29,109</u>	<u>23,049</u>	<u>8,217</u>	<u>20,126</u>
Fund balances:					
Nonspendable	14,842	1,684	2,640	812	369
Restricted	-	-	122,277	70,005	334,978
Committed	-	-	-	-	-
Assigned	195,448	-	-	-	-
Unassigned (deficit)	<u>918,038</u>	<u>(6,407)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>1,128,328</u>	<u>(4,723)</u>	<u>124,917</u>	<u>70,817</u>	<u>335,347</u>
Total liabilities, deferred inflows of resources and fund balances. . . .	<u>\$ 1,285,049</u>	<u>\$ 24,386</u>	<u>\$ 147,966</u>	<u>\$ 79,034</u>	<u>\$ 355,473</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 203,374	\$ 2,030,190
13,620	13,622
16,980	61,723
2,576	22,923
<u>\$ 236,550</u>	<u>\$ 2,128,458</u>
\$ 8,016	\$ 79,549
10,898	78,272
8,374	94,713
-	11,976
<u>27,288</u>	<u>264,510</u>
2,576	22,923
160,559	687,819
50,152	50,152
-	195,448
<u>(4,025)</u>	<u>907,606</u>
<u>209,262</u>	<u>1,863,948</u>
<u>\$ 236,550</u>	<u>\$ 2,128,458</u>

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances	\$	1,863,948
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		75,044
The net pension liability is not available to pay for current period expenditures and is not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	709,411	
Deferred inflows of resources	(105,352)	
Net pension liability	(2,378,645)	
Total	(2,378,645)	(1,774,586)
The net OPEB liability is not available to pay for current period expenditures and is not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows of resources	88,176	
Deferred inflows of resources	(63,329)	
Net OPEB liability	(1,124,366)	
Total	(1,124,366)	(1,099,519)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences		(156,080)
Net position (deficit) of governmental activities	\$	(1,091,193)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>Food Service</u>	<u>Women, Infants and Children</u>	<u>Bioterrorism Grant</u>	<u>Landfill C & DD Disposal</u>
Revenues:					
Property taxes	\$ 489,882	\$ -	\$ -	\$ -	\$ -
Charges for services.	932,255	11,510	-	-	160,650
Licenses and permits	567,602	238,091	-	-	61,250
Fines and forfeitures	95	3,914	-	-	-
Intergovernmental.	335,326	-	467,593	122,294	-
Special assessments	-	-	-	-	-
Investment income.	-	-	2,036	1,149	-
Contributions and donations.	7,685	-	-	-	-
Other	6,765	1,260	2,325	843	101
Total revenues	<u>2,339,610</u>	<u>254,775</u>	<u>471,954</u>	<u>124,286</u>	<u>222,001</u>
Expenditures:					
Current:					
Environmental health	616,875	252,991	-	-	188,413
Community health services	276,273	-	480,085	-	-
Health promotion and planning	16,842	-	-	113,296	-
Administration	705,932	-	-	-	-
Claims	337,930	-	-	-	-
Total expenditures	<u>1,953,852</u>	<u>252,991</u>	<u>480,085</u>	<u>113,296</u>	<u>188,413</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>385,758</u>	<u>1,784</u>	<u>(8,131)</u>	<u>10,990</u>	<u>33,588</u>
Other financing sources (uses):					
Transfers in	-	5,000	-	-	-
Transfers (out).	(62,571)	-	-	-	-
Total other financing sources (uses)	<u>(62,571)</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	323,187	6,784	(8,131)	10,990	33,588
Fund balances (deficit)					
at beginning of year	805,141	(11,507)	133,048	59,827	301,759
Fund balances (deficit) at end of year	<u>\$ 1,128,328</u>	<u>\$ (4,723)</u>	<u>\$ 124,917</u>	<u>\$ 70,817</u>	<u>\$ 335,347</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 489,882
74,814	1,179,229
111,661	978,604
-	4,009
100,019	1,025,232
8,142	8,142
-	3,185
-	7,685
4,142	15,436
<u>298,778</u>	<u>3,711,404</u>
136,737	1,195,016
249,325	1,005,683
444	130,582
-	705,932
-	337,930
<u>386,506</u>	<u>3,375,143</u>
<u>(87,728)</u>	<u>336,261</u>
57,571	62,571
-	(62,571)
<u>57,571</u>	<u>-</u>
(30,157)	336,261
239,419	1,527,687
<u>\$ 209,262</u>	<u>\$ 1,863,948</u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds	\$	336,261
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Current year depreciation		(19,978)
 Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		179,389
 Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(446,248)	
OPEB	(58,154)	
Total	(504,402)	(504,402)
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(15,879)
Change in net position of governmental activities	\$	(24,609)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 489,882	\$ 489,882	\$ 489,882	\$ -
Charges for services	366,923	400,125	399,249	(876)
Licenses and permits	450,124	452,454	567,600	115,146
Fines and forfeitures	-	-	95	95
Intergovernmental	31,770	237,820	335,122	97,302
Contributions and donations	-	3,500	7,685	4,185
Other	-	-	6,765	6,765
Total revenues	<u>1,338,699</u>	<u>1,583,781</u>	<u>1,806,398</u>	<u>222,617</u>
Expenditures:				
Current:				
Health:				
Environmental health	313,406	694,027	653,199	40,828
Community health services	276,939	313,601	299,448	14,153
Health promotion and planning	-	19,367	16,674	2,693
Administration	759,133	858,560	758,047	100,513
Total expenditures	<u>1,349,478</u>	<u>1,885,555</u>	<u>1,727,368</u>	<u>158,187</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,779)</u>	<u>(301,774)</u>	<u>79,030</u>	<u>380,804</u>
Other financing uses:				
Transfers (out)	<u>(71,851)</u>	<u>(107,851)</u>	<u>(62,571)</u>	<u>45,280</u>
Total other financing uses	<u>(71,851)</u>	<u>(107,851)</u>	<u>(62,571)</u>	<u>45,280</u>
Net change in fund balances	(82,630)	(409,625)	16,459	426,084
Fund balances at beginning of year	973,290	973,290	973,290	-
Prior year encumbrances appropriated .	160,471	160,471	160,471	-
Fund balance at end of year	<u>\$ 1,051,131</u>	<u>\$ 724,136</u>	<u>\$ 1,150,220</u>	<u>\$ 426,084</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOOD SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Charges for services	\$ 9,289	\$ 9,289	\$ 11,510	\$ 2,221
Licenses and permits	230,000	230,000	238,091	8,091
Fines and forfeitures	250	250	3,914	3,664
Other	150	150	1,260	1,110
Total revenues	<u>239,689</u>	<u>239,689</u>	<u>254,775</u>	<u>15,086</u>
Expenditures:				
Current:				
Health:				
Environmental health	280,106	280,329	268,892	11,437
Total expenditures	<u>280,106</u>	<u>280,329</u>	<u>268,892</u>	<u>11,437</u>
Excess of expenditures over revenues	<u>(40,417)</u>	<u>(40,640)</u>	<u>(14,117)</u>	<u>26,523</u>
Other financing sources:				
Transfers in	40,417	45,417	5,000	(40,417)
Total other financing sources	<u>40,417</u>	<u>45,417</u>	<u>5,000</u>	<u>(40,417)</u>
Net change in fund balances	-	4,777	(9,117)	(13,894)
Fund balances at beginning of year	9,776	9,776	9,776	-
Prior year encumbrances appropriated . .	2,030	2,030	2,030	-
Fund balance at end of year	<u>\$ 11,806</u>	<u>\$ 16,583</u>	<u>\$ 2,689</u>	<u>\$ (13,894)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
WOMEN, INFANTS AND CHILDREN FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental.	\$ 423,262	\$ 423,262	\$ 462,786	\$ 39,524
Investment income.	-	-	2,036	2,036
Other	-	-	2,325	2,325
Total revenues	<u>423,262</u>	<u>423,262</u>	<u>467,147</u>	<u>43,885</u>
Expenditures:				
Current:				
Health:				
Community health services	423,352	488,614	481,152	7,462
Total expenditures	<u>423,352</u>	<u>488,614</u>	<u>481,152</u>	<u>7,462</u>
Excess of expenditures over revenues	<u>(90)</u>	<u>(65,352)</u>	<u>(14,005)</u>	<u>51,347</u>
Other financing sources:				
Transfers in	90	90	-	(90)
Total other financing sources	<u>90</u>	<u>90</u>	<u>-</u>	<u>(90)</u>
Net change in fund balances	-	(65,262)	(14,005)	51,257
Fund balances at beginning of year	118,224	118,224	118,224	-
Prior year encumbrances appropriated . .	1,223	1,223	1,223	-
Fund balance at end of year	<u>\$ 119,447</u>	<u>\$ 54,185</u>	<u>\$ 105,442</u>	<u>\$ 51,257</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
BIOTERRORISM GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 132,470	\$ 132,470	\$ 126,043	\$ (6,427)
Investment income	-	-	1,149	1,149
Other	-	-	843	843
Total revenues	<u>132,470</u>	<u>132,470</u>	<u>128,035</u>	<u>(4,435)</u>
Expenditures:				
Current:				
Health:				
Health promotion and planning	139,924	140,061	112,769	27,292
Total expenditures	<u>139,924</u>	<u>140,061</u>	<u>112,769</u>	<u>27,292</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,454)</u>	<u>(7,591)</u>	<u>15,266</u>	<u>22,857</u>
Other financing sources:				
Transfers in	7,454	7,454	-	(7,454)
Total other financing sources	<u>7,454</u>	<u>7,454</u>	<u>-</u>	<u>(7,454)</u>
Net change in fund balances	-	(137)	15,266	15,403
Fund balances at beginning of year	59,565	59,565	59,565	-
Prior year encumbrances appropriated	522	522	522	-
Fund balance at end of year	<u>\$ 60,087</u>	<u>\$ 59,950</u>	<u>\$ 75,353</u>	<u>\$ 15,403</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
LANDFILL/C & DD DISPOSAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 140,000	\$ 140,000	\$ 160,650	\$ 20,650
Licenses and permits	61,050	61,050	61,250	200
Other	-	-	101	101
Total revenues	<u>201,050</u>	<u>201,050</u>	<u>222,001</u>	<u>20,951</u>
Expenditures:				
Current:				
Health:				
Environmental health	171,044	204,552	204,439	113
Total expenditures	<u>171,044</u>	<u>204,552</u>	<u>204,439</u>	<u>113</u>
Net change in fund balances	30,006	(3,502)	17,562	21,064
Fund balances at beginning of year	298,090	298,090	298,090	-
Prior year encumbrances appropriated . .	18,783	18,783	18,783	-
Fund balance at end of year	<u>\$ 346,879</u>	<u>\$ 313,371</u>	<u>\$ 334,435</u>	<u>\$ 21,064</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 1 - DESCRIPTION OF THE HEALTH DISTRICT AND REPORTING ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation and Measurement Focus

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented in one category, governmental.

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

The following are the District's major governmental funds:

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

Food Service Fund - The Food Service Fund accounts for activities related to the issuance of food service licenses as well as food service inspections conducted by the District in Fairfield County.

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

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

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

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

C. Basis of Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 9 and 10 for deferred outflows of resources related the District's net pension liability and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, see Notes 9 and 10 for deferred inflows of resources related to the District's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

D. Budgetary Process

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

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

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

E. Prepaid Items

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

F. Accounts Receivable

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

G. Cash and Investments

The County Treasurer is the custodian for the District's cash. The County's cash and investment pool holds the District's cash, which is reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Fairfield County Auditor, Jon A. Slater, Jr., 210 East Main Street, Lancaster, Ohio 43130, <https://www.co.fairfield.oh.us/auditor>, (740) 652-7040.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

H. Capital Assets

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

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

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

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

I. Net Position

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

J. Interfund Transactions and Balances

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On the fund financial statements, outstanding interfund loans are reported as “interfund receivables/payables”. Interfund transfers and loans within governmental activities are eliminated on the statement of activities.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

K. Compensated Absences

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

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

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligation of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Fund Balance

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

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

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

N. Use of Estimates

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2019.

P. Pensions/Other Postemployment Benefits (OPEB)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2019, the District has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84, "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" and GASB Statement No. 90, "Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the District.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The implementation of GASB Statement No 84 did not have an effect on the financial statements of the District.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the District.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at December 31, 2019 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food Service	\$ 4,723
Solid Waste	4,025

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - RECEIVABLES

Receivables at December 31, 2019 consisted of charges for services and intergovernmental receivables arising from grants. A summary of the items of intergovernmental and accounts receivable follows:

<u>Governmental Funds</u>	<u>Intergovernmental Receivable</u>	<u>Accounts Receivable</u>
General	\$ 4,427	\$ 2
Women, infants and children fund	38,145	-
Bioterrorism grant	2,171	-
Nonmajor governmental	<u>16,980</u>	<u>13,620</u>
Total receivables	<u>\$ 61,723</u>	<u>\$ 13,622</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 12/31/19</u>
<u>Governmental activities:</u>				
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures and equipment	\$ 120,219	\$ -	\$ -	\$ 120,219
Vehicles	<u>152,293</u>	<u>-</u>	<u>-</u>	<u>152,293</u>
Total capital assets, being depreciated	<u>272,512</u>	<u>-</u>	<u>-</u>	<u>272,512</u>
<i>Less: accumulated depreciation:</i>				
Furniture, fixtures and equipment	(69,912)	(8,664)	-	(78,576)
Vehicles	<u>(107,578)</u>	<u>(11,314)</u>	<u>-</u>	<u>(118,892)</u>
Total accumulated depreciation	<u>(177,490)</u>	<u>(19,978)</u>	<u>-</u>	<u>(197,468)</u>
Total capital assets being depreciated, net	<u>95,022</u>	<u>(19,978)</u>	<u>-</u>	<u>75,044</u>
Governmental activities capital assets, net	<u>\$ 95,022</u>	<u>\$ (19,978)</u>	<u>\$ -</u>	<u>\$ 75,044</u>

Depreciation expense was charged to governmental activities as follows:

<u>Governmental activities:</u>	
Environmental health	\$ 11,314
Health promotion and planning	5,316
Administration	<u>3,348</u>
Total depreciation expense - governmental activities	<u>\$ 19,978</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6 - LONG-TERM OBLIGATIONS

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

Governmental activities:	<u>Balance 12/31/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/19</u>	<u>Due Within One Year</u>
Compensated absences	\$ 152,406	\$ 107,535	\$ (103,861)	\$ 156,080	\$ 108,600
Net pension liability	1,398,112	980,533	-	2,378,645	-
Net OPEB liability	<u>967,778</u>	<u>156,588</u>	<u>-</u>	<u>1,124,366</u>	<u>-</u>
Total governmental-type long-term obligations	<u>\$ 2,518,296</u>	<u>\$ 1,244,656</u>	<u>\$ (103,861)</u>	<u>\$ 3,659,091</u>	<u>\$ 108,600</u>

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

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

NOTE 7 - INTERFUND TRANSACTIONS

Interfund Transfers

Transfers made during the year were as follows:

<u>Transfer to</u>	<u>Transfers From</u>
	<u>General Fund</u>
Food Service	\$ 5,000
Nonmajor Governmental Funds	<u>57,571</u>
Total Interfund Transfers	<u>\$ 62,571</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 8 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District belongs to the Public Entities Pool of Ohio (the Pool), a risk-sharing pool available to Ohio local Districts. The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and assets available to pay those liabilities as of December 31, 2019:

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	14,705,917

The District has made no significant reductions to coverage compared to the prior year, and settled claims have not exceeded this coverage in any of the past three years.

B. Medical and Dental

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 8 - RISK MANAGEMENT - (Continued)

The District has no stop loss coverage for the dental claims. The maximum dental benefit per covered person is \$1,500 per calendar year. The premiums paid into the general fund are used for claims, claim reserves, and administrative costs. The general fund presented in the financial statements reflects the premiums paid into the self-insurance general fund by the same funds that pay the employees' salaries. The District pays monthly medical premiums of up to \$3,600 for employees for family plus five children coverage and up to \$967 for employees for single coverage of which the employees are responsible for 10.5 percent of the medical premium. The District pays monthly dental premiums of up to \$150 for family and \$41 for single coverage for employees.

The claims liability of \$11,976 reported in the general fund at December 31, 2019, is based on the requirements of Governmental Accounting Standards Board Statement Number 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate provided by an actuary for medical and dental claims. The full amount of claims payable is presented as current liabilities because it is expected to be paid within the following fiscal year. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years, including medical, surgical, prescription drug, and dental are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2019	\$ 43,087	\$476,940	(\$508,051)	\$ 11,976
2018	-	193,559	(150,472)	43,087

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability/asset 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.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan 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	Traditional Plan 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	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

The District's contractually required contribution for the Traditional Pension Plan was \$179,389 for 2019. Of this amount, \$30,215 is reported as intergovernmental payable.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan were measured as of December 31, 2018, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OPERS's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The District's proportion of the net pension liability or asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>OPERS - Traditional</u>
Proportion of the net pension liability/asset prior measurement date	0.00891200%
Proportion of the net pension liability/asset current measurement date	<u>0.00868500%</u>
Change in proportionate share	<u><u>-0.00022700%</u></u>
Proportionate share of the net pension liability	\$ 2,378,645
Pension expense	446,248

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS - Traditional</u>
Deferred outflows of resources	
Differences between expected and actual experience	\$ 109
Net difference between projected and actual earnings on pension plan investments	322,847
Changes of assumptions	207,066
Contributions subsequent to the measurement date	179,389
Total deferred outflows of resources	<u><u>\$ 709,411</u></u>

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional
Deferred inflows of resources	
Differences between expected and actual experience	\$ 31,233
Changes in employer's proportionate percentage/ difference between employer contributions	74,119
Total deferred inflows of resources	\$ 105,352

\$179,389 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2020.

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

	OPERS - Traditional
Year Ending December 31:	
2020	\$ 149,150
2021	95,419
2022	29,950
2023	150,148
2024	3
Total	\$ 424,670

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94% for 2018.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 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 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan. The discount rate used to measure total pension liability prior to December 31, 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the District's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability (asset): Traditional Pension Plan	\$ 3,513,951	\$ 2,378,645	\$ 1,435,196

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

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

The District's contractually required contribution was \$0 for 2019.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPERS's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The District's proportion of the net OPEB liability was based on the District's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

	<u>OPERS</u>
Proportion of the net OPEB liability prior measurement date	0.00891200%
Proportion of the net OPEB liability current measurement date	<u>0.00862400%</u>
Change in proportionate share	<u><u>-0.00028800%</u></u>
Proportionate share of the net OPEB liability	\$ 1,124,366
OPEB expense	\$ 58,154

At December 31, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred outflows of resources	
Differences between expected and actual experience	\$ 380
Net difference between projected and actual earnings on OPEB plan investments	51,546
Changes of assumptions	36,250
Total deferred outflows of resources	<u><u>\$ 88,176</u></u>

	<u>OPERS</u>
Deferred inflows of resources	
Differences between expected and actual experience	\$ 3,051
Changes in employer's proportionate percentage/ difference between employer contributions	60,278
Total deferred inflows of resources	<u><u>\$ 63,329</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

	OPERS
Year Ending December 31:	
2020	\$ (5,460)
2021	(3,815)
2022	8,155
2023	25,967
Total	\$ 24,847

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 health care costs for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

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

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.60% for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - DEFINED BENEFIT OPEB PLANS – (Continued)

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,438,483	\$ 1,124,366	\$ 874,560

Sensitivity of the District/County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,080,760	\$ 1,124,366	\$ 1,174,589

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

B. Dental and Life Insurance

The District is a member of the South Central Ohio Insurance Consortium Health Benefit Plan for dental insurance coverage. Life insurance is provided through Dearborn Life Insurance Company. Life insurance coverage is as follows: \$20,000 per employee, \$10,000 per spouse and \$5,000 per child (over 14 days old); employee has an option to purchase supplemental life insurance at their expense.

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

**FAIRFIELD COUNTY GENERAL HEALTH DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

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

	General	Food Services	Women, Infants & Children Fund	Bioterrorism Grant	Landfill/ C&DD Disposal
Budget basis	\$ 16,459	\$ (9,117)	\$ (14,005)	\$ 15,266	\$ 17,562
Net adjustment for revenue accruals	4,074	-	4,807	(3,749)	-
Net adjustment for expenditure accruals	15,748	(4,112)	(672)	(1,225)	(4,643)
Net adjustment for fund reclassification	192,435	-	-	-	-
Encumbrances	<u>94,471</u>	<u>20,013</u>	<u>1,739</u>	<u>698</u>	<u>20,669</u>
GAAP basis	<u>\$ 323,187</u>	<u>\$ 6,784</u>	<u>\$ (8,131)</u>	<u>\$ 10,990</u>	<u>\$ 33,588</u>

NOTE 13 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect, if any, on the financial condition of the District at December 31, 2019.

B. Litigation

The District is not party to any legal proceedings that, in the opinion of management, will have a material adverse effect on the financial condition of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - FUND BALANCE

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

Fund balance	General	Food Service	Women, Infants and Children	Bioterrorism Grant	Landfill C&DD Disposal	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Prepays	\$ 14,842	\$ 1,684	\$ 2,640	\$ 812	\$ 369	\$ 2,576	\$ 22,923
Total nonspendable	<u>14,842</u>	<u>1,684</u>	<u>2,640</u>	<u>812</u>	<u>369</u>	<u>2,576</u>	<u>22,923</u>
Restricted:							
State Grant WIC	-	-	122,277	-	-	-	122,277
Bioterrorism grant	-	-	-	70,005	-	-	70,005
Landfill/C&DD disposal	-	-	-	-	334,978	-	334,978
Other purposes	-	-	-	-	-	160,559	160,559
Total restricted	<u>-</u>	<u>-</u>	<u>122,277</u>	<u>70,005</u>	<u>334,978</u>	<u>160,559</u>	<u>687,819</u>
Committed:							
Other purposes	-	-	-	-	-	50,152	50,152
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,152</u>	<u>50,152</u>
Assigned:							
Environmental health	5,625	-	-	-	-	-	5,625
Community health services	7	-	-	-	-	-	7
Health promotion & planning	614	-	-	-	-	-	614
Administrative	7,459	-	-	-	-	-	7,459
Subsequent year appropriations	181,743	-	-	-	-	-	181,743
Total assigned	<u>195,448</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,448</u>
Unassigned (deficit)	<u>918,038</u>	<u>(6,407)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,025)</u>	<u>907,606</u>
Total fund balances (deficit)	<u>\$ 1,128,328</u>	<u>\$ (4,723)</u>	<u>\$ 124,917</u>	<u>\$ 70,817</u>	<u>\$ 335,347</u>	<u>\$ 209,262</u>	<u>\$ 1,863,948</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 15 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 13,705
Food Service	2,417
Women, Infants and Children	1,339
Bioterrorism Grant	552
Landfill/C&DD Disposal	1,702
Nonmajor Governmental	<u>8,217</u>
Total	<u>\$ 27,932</u>

NOTE 16 – OHIO DEPARTMENT OF HEALTH FUNDS

During the year ended December 31, 2019, the District received federal funding passed through the Ohio Department of Health as follows:

Federal Grantor	Department of Agriculture	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services	U.S. Department of Health and Human Services
CFDA Number	10.557	93.074/93.069	93.268/93.539	93.778
Grant Title	WIC Administration	Public Health Emergency Preparedness	Get Vaccinated Ohio Public Health Initiative	Medicaid Administrative Claiming
Project Number(s)	02310011WA1219 02310011WA1320	02310012PH1019 02310012PH1120	02310012GV0119 02310012GV0220	1905OH05ADM
Federal Expenditures	\$ 510,517	\$ 128,487	\$ 26,492	\$ 34,201

NOTE 17 – SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. As of May 14, 2020, the District has been awarded two grants related to the COVID-19 pandemic, one for \$148,489 and the other for \$124,257. The District also received a COVID-19 State subsidy in the amount of \$8,237. The District also received a supplemental grant from the Ohio Department of Health in the amount of \$78,659 for COVID-19. Any other awards or funding related to COVID-19 are unknown at this time and cannot be estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
District's proportion of the net pension liability	0.008685%	0.008912%	0.010142%	0.010699%
District's proportionate share of the net pension liability	\$ 2,378,645	\$ 1,398,112	\$ 2,303,030	\$ 1,853,172
District's covered payroll	\$ 1,257,671	\$ 1,392,892	\$ 1,399,017	\$ 1,807,425
District's proportionate share of the net pension liability as a percentage of its covered payroll	189.13%	100.37%	164.62%	102.53%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.010273%	0.010273%
\$ 1,239,064	\$ 1,211,077
\$ 1,243,017	\$ 1,165,315
99.68%	103.93%
86.45%	86.36%

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 179,389	\$ 176,074	\$ 181,076	\$ 167,882
Contributions in relation to the contractually required contribution	<u>(179,389)</u>	<u>(176,074)</u>	<u>(181,076)</u>	<u>(167,882)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,281,350	\$ 1,257,671	\$ 1,392,892	\$ 1,399,017
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 216,891	\$ 149,162	\$ 151,491	\$ 90,066	\$ 114,434	\$ 170,755
<u>(216,891)</u>	<u>(149,162)</u>	<u>(151,491)</u>	<u>(90,066)</u>	<u>(114,434)</u>	<u>(170,755)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,807,425	\$ 1,243,017	\$ 1,165,315	\$ 900,660	\$ 1,144,340	\$ 1,915,009
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.008624%	0.008912%	0.009975%
District's proportionate share of the net OPEB liability	\$ 1,124,366	\$ 967,778	\$ 1,007,520
District's covered payroll	\$ 1,257,671	\$ 1,392,892	\$ 1,399,017
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.40%	69.48%	72.02%
Plan fiduciary net position as a percentage of the total OPEB liability	46.33%	54.14%	54.05%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	2019	2018	2017	2016
Contractually required contribution	\$ -	\$ -	\$ 13,929	\$ 27,980
Contributions in relation to the contractually required contribution	-	-	(13,929)	(27,980)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,281,350	\$ 1,257,671	\$ 1,392,892	\$ 1,399,017
Contributions as a percentage of covered payroll	0.00%	0.00%	1.00%	2.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 36,149	\$ 24,889	\$ 11,653	\$ 68,541	\$ 87,085	\$ 97,346
<u>(36,149)</u>	<u>(24,889)</u>	<u>(11,653)</u>	<u>(68,541)</u>	<u>(87,085)</u>	<u>(97,346)</u>
<u>\$ -</u>					
\$ 1,807,425	\$ 1,243,017	\$ 1,165,315	\$ 900,660	\$ 1,144,340	\$ 1,915,009
2.00%	2.00%	1.00%	7.61%	7.61%	5.08%

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019 the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2019.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25%, ultimate in 2029.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield County General Health District, Fairfield County, (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 20, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

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 report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State

Columbus, Ohio

October 20, 2020



Public Health
Prevent. Promote. Protect.

Fairfield Department of Health

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Statement Presentation-Material Weakness	Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



FAIRFIELD COUNTY GENERAL HEALTH DISTRICT

FAIRFIELD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/17/2020

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov