



Dave Yost • Auditor of State



**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY  
DECEMBER 31, 2017**

**TABLE OF CONTENTS**

| <b>TITLE</b>   | <b>PAGE</b> |
|--|-------------|
| Independent Auditor's Report .....   | 1           |
| Prepared by Management:  |             |
| Management's Discussion and Analysis .....   | 5           |
| Basic Financial Statements:  |             |
| Government-wide Financial Statements:  |             |
| Statement of Net Position .....  | 12          |
| Statement of Activities.....   | 13          |
| Fund Financial Statements:   |             |
| Balance Sheet  |             |
| Governmental Funds .....   | 15          |
| Reconciliation of Total Governmental Fund Balance to<br>Net Position of Governmental Activities .....  | 17          |
| Statement of Revenues, Expenditures, and Change in Fund Balance<br>Governmental Funds.....   | 19          |
| Reconciliation of Statement of Revenues, Expenditures,<br>and Change in Fund Balances of Governmental Funds<br>to Statement of Activities .....                            | 21          |
| Statement of Revenues, Expenditures, and Change in<br>Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual<br>General Fund.....                                     | 22          |
| Clinical Patient Services Fund.....  | 23          |
| Environmental Health Programs Fund .....   | 24          |
| Notes to the Basic Financial Statements .....  | 25          |
| Required Supplementary Information:  |             |
| Schedule of the Health District's Proportionate Share of the<br>Net Pension Liability (Ohio Public Employees Retirement System – Traditional Plan) .....                   | 51          |
| Schedule of the Health District's Contributions<br>(Ohio Public Employees Retirement System – Traditional Plan).....   | 52          |
| Notes to Required Supplementary Information .....  | 53          |
| Schedule of Expenditures of Federal Awards .....   | 54          |
| Notes to the Schedule of Expenditures of Federal Awards.....   | 55          |
| Independent Auditor's Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 57          |

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY  
DECEMBER 31, 2017**

**TABLE OF CONTENTS  
(Continued)**

| <b>TITLE</b>  | <b>PAGE</b> |
|---|-------------|
| Independent Auditor's Report on Compliance with Requirements<br>Applicable to Each Major Federal Program and on Internal Control Over<br>Compliance Required by the Uniform Guidance..... | 59          |
| Schedule of Findings.....   | 61          |
| Prepared by Management:   |             |
| Summary Schedule of Prior Audit Findings and Questioned Costs.....  | 64          |
| Corrective Action Plan .....  | 65          |



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Erie County General Health District  
Erie County  
420 Superior Street  
Sandusky, Ohio 44870-1815

To the Members of the Board:

### ***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 Erie County General Health District, Erie County, Ohio (the District), as of and for the year ended December 31, 2017, 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 Erie County General Health District, Erie County, Ohio, as of December 31, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Clinical Patient Services, and Environmental Health Programs funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 19, 2018

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**Erie County General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

The discussion and analysis of the Erie County General Health District's financial performance provides an overview of the Health District's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole.

HIGHLIGHTS

Highlights for 2017 are as follows:

Net position increased \$831,192 from the prior year.

Approximately 80 percent of the Health District's revenues are program revenues; 43 percent are charges for the services, 30 percent are Medicare and/or Medicaid reimbursements and grants, and 7 percent are capital grants and contributions. The remainder of the Health District's revenues is generally made up of property tax levies and tax related reimbursements (homestead and rollback) and State provided resources (operating subsidy).

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Erie County General Health District's financial position.

The statement of net position and the statement of activities provide information about the activities of the Health District as a whole, presenting both an aggregate and a longer-term view of the Health District.

Fund financial statements provide a greater level of detail. These statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the Health District's most significant funds individually and the Health District's non-major funds in a single column. The Health District's major funds are the General Fund and the Clinical Patient Services and Environmental Health Programs funds.

REPORTING THE HEALTH DISTRICT AS A WHOLE

The statement of net position and the statement of activities reflect how the Health District did financially during 2017. These statements include all assets and liabilities using the accrual basis of accounting similar to that used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the Health District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the Health District as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include such items as changes in the Health District's property tax base and the condition of the Health District's capital assets. These factors must be considered when assessing the overall health of the Health District.

**Erie County General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

In the statement of net position and the statement of activities, all of the Health District's activities are reflected as governmental activities. The programs and services reported here include general health and health clinic. These services are primarily funded by charges to clients (patients), Medicare and Medicaid reimbursements, and property taxes.

REPORTING THE HEALTH DISTRICT'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the Health District's major funds, the General Fund and the Clinical Patient Services and Environmental Health Programs funds. While the Health District uses a number of funds to account for its financial transactions, these are the most significant.

The Health District's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. All of the Health District's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The fund financial statements provide a detailed short-term view of the Health District's general government operations and the basic services being provided.

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 on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Health District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the Health District's net position for 2017 and 2016.

| Table 1<br>Net Position               |             | Governmental<br>Activities |           |
|---------------------------------------|-------------|----------------------------|-----------|
|                                       | 2017        | 2016                       | Change    |
| <u>Assets</u>                         |             |                            |           |
| Current and Other Assets              | \$6,326,392 | \$6,219,442                | \$106,950 |
| Capital Assets, Net                   | 4,622,894   | 2,285,504                  | 2,337,390 |
| Total Assets                          | 10,949,286  | 8,504,946                  | 2,444,340 |
| <u>Deferred Outflows of Resources</u> |             |                            |           |
| Pension                               | 2,827,113   | 1,949,208                  | 877,905   |

(continued)

**Erie County General Health District**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2017**  
**Unaudited**

Table 1  
Net Position  
(continued)

|                                      | Governmental<br>Activities |                    |                    |
|--------------------------------------|----------------------------|--------------------|--------------------|
|                                      | 2017                       | 2016               | Change             |
| <u>Liabilities</u>                   |                            |                    |                    |
| Current and Other Liabilities        | \$840,011                  | \$332,071          | (\$507,940)        |
| Long-Term Liabilities                |                            |                    |                    |
| Pension                              | 6,453,472                  | 4,524,833          | (1,928,639)        |
| Other Amounts                        | 549,125                    | 470,994            | (78,131)           |
| Total Liabilities                    | <u>7,842,608</u>           | <u>5,327,898</u>   | <u>(2,514,710)</u> |
| <u>Deferred Inflows of Resources</u> |                            |                    |                    |
| Pension                              | 38,408                     | 87,429             | 49,021             |
| Other Amounts                        | 1,991,789                  | 1,966,425          | (25,364)           |
| Total Deferred Inflows of Resources  | <u>2,030,197</u>           | <u>2,053,854</u>   | <u>23,657</u>      |
| <u>Net Position</u>                  |                            |                    |                    |
| Net Investment in Capital Assets     | 4,125,131                  | 2,285,504          | 1,839,627          |
| Restricted                           | 101,011                    | 86,564             | 14,447             |
| Unrestricted (Deficit)               | (322,548)                  | 700,334            | (1,022,882)        |
| Total Net Position                   | <u>\$3,903,594</u>         | <u>\$3,072,402</u> | <u>\$831,192</u>   |

The net pension liability is the largest liability reported by the Health District at December 31, 2017, and is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the Health District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund the plan's net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68, requires the net pension liability to equal the Health District's proportionate share of the plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

**Erie County General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

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

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

In accordance with GASB Statement No. 68, the Health District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of the plan's change in net pension liability not accounted for as deferred outflows/inflows.

Pension related changes noted in the above table reflect a significant increase in deferred outflows due to an increase in the difference between projected and actual earnings on investments related to the net pension liability. The increase in the net pension liability represents the Health District's proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

In addition to the changes related to pension, there were a few other changes of significance from the prior year. The increase in net capital assets and the net investment in capital assets represents the completion of building construction of the new addition as well as other capital asset additions. The increase in current and other liabilities is primarily related to the final payments for contracts and retainage on the building construction which did not get paid until early 2018. The increase in other long-term liabilities reflects additional employees meeting the criteria for severance related payments upon retirement or termination of employment.

**Erie County General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

Table 2 reflects the change in net position for 2017 and 2016.

Table 2  
Change in Net Position

|  | Governmental<br>Activities |             |             |
|--|----------------------------|-------------|-------------|
|  | 2017                       | 2016        | Change      |
| <u>Revenues</u>  |                            |             |             |
| Program Revenues   |                            |             |             |
| Charges for Services   | \$4,900,178                | \$3,637,222 | \$1,262,956 |
| Operating Grants and Contributions                             | 3,347,691                  | 2,693,172   | 654,519     |
| Capital Grants and Contributions                               | 800,000                    | 2,019,760   | (1,219,760) |
| Total Program Revenues   | 9,047,869                  | 8,350,154   | 697,715     |
| General Revenues   |                            |             |             |
| Property Taxes Levied for<br>General Purposes                  | 1,886,135                  | 1,902,283   | (16,148)    |
| Grants and Entitlements not<br>Restricted to Specific Programs | 281,734                    | 242,381     | 39,353      |
| Other  | 96,435                     | 309,025     | (212,590)   |
| Total General Revenues   | 2,264,304                  | 2,453,689   | (189,385)   |
| Total Revenues   | 11,312,173                 | 10,803,843  | 508,330     |
| <u>Program Expenses</u>  |                            |             |             |
| General Health   | 5,687,376                  | 4,925,556   | (761,820)   |
| Health Clinic  | 4,793,605                  | 3,521,552   | (1,272,053) |
| Total Expenses   | 10,480,981                 | 8,447,108   | (2,033,873) |
| Increase in Net Position                                       | 831,192                    | 2,356,735   | (1,525,543) |
| Net Position Beginning of Year                                 | 3,072,402                  | 715,667     | 2,356,735   |
| Net Position End of Year                                       | \$3,903,594                | \$3,072,402 | \$831,192   |

Approximately 80 percent (77 percent in 2016) of the Health District's revenues are program revenues, primarily charges for the services, Medicare and/or Medicaid reimbursements, and restricted grants. Charges for services increased significantly as the Health District's clinical services continue to expand. The increase in operating grants and contributions is largely the result of funding for the HUD Lead grant. In the prior year, the Health District took over ownership of the health department complex that was previously owned by other governments boosting capital grants and contributions in 2016. As a result, there was a decrease in capital grants and contributions in 2017; however, the State, Erie County, and the Mental Health and Recovery Board of Erie and Ottawa Counties continued to provide funds in 2017 to support the detoxification center. The remainder of the Health District's revenues is made up of property tax levies, tax related reimbursements (homestead and rollback), and State provided resources (operating subsidy). The overall change in revenues from the prior year was 5 percent.

**Erie County General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

Expenses increased approximately 24 percent. The primary cause for this increase was due to costs related to continued expansion of the health clinic. Approximately 54 percent of the Health District's expenses are related to providing general health services which includes the women, infants, and children program; provision of nursing services; administration of vital statistics; issuance of various licenses and permits; the 211 referral service; and numerous community and family health programs. The remainder of the Health District's expenses account for the operations of the health clinic. These costs which will vary annually depending on patients served.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3  
Governmental Activities

|                | Total Cost of<br>Services<br>2017 | Net Cost of<br>Services<br>2017 | Total Cost of<br>Services<br>2016 | Net Cost of<br>Services<br>2016 |
|----------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| General Health | \$5,687,376                       | \$1,351,429                     | \$4,925,556                       | \$722,986                       |
| Health Clinic  | 4,793,605                         | 81,683                          | 3,521,552                         | (626,032)                       |
|                | <u>\$10,480,981</u>               | <u>\$1,433,112</u>              | <u>\$8,447,108</u>                | <u>96,954</u>                   |

As identified above, 76 percent of the costs of providing general health services were paid for with program revenues; by charges for the services provided to clients (patients) and through reimbursements from Medicare/Medicaid as well as through various grants. In 2017, 98 percent of the cost of services provided through the health clinic was paid for through program revenues. Resources received through property tax levies (general revenue) generally makes up balance of the costs for services provided.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The Health District's major governmental funds are the General Fund and the Clinical Patient Services and Environmental Health Programs funds.

The General Fund experienced a 6 percent decrease in fund balance from the prior year. Revenues were similar to the prior year and expenditures increased approximately 30 percent (primarily contractual services). In addition, transfers to other funds to subsidize their operations increased almost \$545,000.

The Clinical Patient Services Fund had a decrease in fund balance from the prior year despite a 43 percent (\$1.4 million) increase in revenues. This, however, was not enough to offset the increase in expenditures due to the increase in clinical services being provided; expenditures increased 71 percent (\$2.5 million).

Despite the increase in expenditures exceeding the increase in revenues in the Environmental Health Programs Fund; the net increase of revenues over expenditures was enough to eliminate the deficit fund balance of 2016 to a positive fund balance of almost \$30,000 at the end of 2017.

**Erie County General Health District**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2017  
Unaudited

BUDGETARY HIGHLIGHTS

The Health District prepares an annual budget of revenues and expenditures/expenses for all funds of the Health District for use by Health District officials and such other budgetary documents as are required by State statute, including the annual appropriations measure which is effective the first day of January.

The Health District's most significant budgeted fund is the General Fund. For revenues, there was no change from the original budget to the final budget and changes from the final budget to actual revenues were not significant. For expenditures, final budgeted amounts were significantly higher than the original budget due to the expected transfer of resources to other funds. Actual expenditures (from operations) was almost one-half of the amount of the final budget primarily due to the estimate of contractual services costs; however, that was offset by the actual transfers to other funds being almost double the amount budgeted.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Health District's investment in capital assets as of December 31, 2017, was \$4,622,894 (net of accumulated depreciation). The Health District completed a building addition for the new detoxification unit and conference/training center. Other notable additions included a parking lot, fencing, building improvements in the original building, a stand-by generator, and medical equipment for the clinic. There were no disposals for the year. For further information regarding the Health District's capital assets, refer to Note 8 to the basic financial statements.

Debt - At December 31, 2017, the Health District's outstanding long-term obligations included the net pension liability and the liability for compensated absences (future severance payments). For further information regarding the Health District's long-term obligations, refer to Note 13 to the basic financial statements.

CURRENT ISSUES

The Health District continues to expand services. The addiction epidemic has created the need for recovery housing that pairs with our Detoxification Unit. The complete "Circle of Care" is being managed primarily by the Health District with several key stakeholders.

The Public Health Accreditation Board accreditation has led to many opportunities for grant funding and cooperative agreements. In 2017, the Health District received \$115,000 from the State of Ohio, via Bowling Green State University, for a new water lab. This arrangement led to a Joint Use Agreement.

Our programs continue to integrate care in an effort to provide a Patient Centered Medical Home environment for all we work with.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Health District's finances for all those interested in the Health District's financial well being. Questions any of the information provided in this report or requests for additional information should be directed to Joseph Palmucci, CFO, 420 Superior Street, Sandusky, Ohio 44870-1815.

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Erie County General Health District  
Statement of Net Position  
December 31, 2017

|  | Governmental<br>Activities |
|--|----------------------------|
| <u>Assets</u>                              |                            |
| Equity in Pooled Cash and Cash Equivalents | \$3,098,919                |
| Accounts Receivable                        | 128,909                    |
| Due from Other Governments                 | 902,104                    |
| Prepaid Items                              | 63,651                     |
| Materials and Supplies Inventory           | 47,080                     |
| Property Taxes Receivable                  | 2,085,729                  |
| Nondepreciable Capital Assets              | 59,050                     |
| Depreciable Capital Assets, Net            | 4,563,844                  |
| Total Assets                               | 10,949,286                 |
| <u>Deferred Outflows of Resources</u>      |                            |
| Pension                                    | 2,827,113                  |
| <u>Liabilities</u>                         |                            |
| Accrued Wages Payable                      | 190,461                    |
| Accounts Payable                           | 49,754                     |
| Contracts Payable                          | 377,070                    |
| Due to Other Governments                   | 94,252                     |
| Matured Compensated Absences Payable       | 7,781                      |
| Retainage Payable                          | 120,693                    |
| Long-Term Liabilities                      |                            |
| Due Within One Year                        | 192,804                    |
| Due in More Than One Year                  |                            |
| Net Pension Liability                      | 6,453,472                  |
| Other Amounts Due in More Than One Year    | 356,321                    |
| Total Liabilities                          | 7,842,608                  |
| <u>Deferred Inflows of Resources</u>       |                            |
| Property Taxes                             | 1,991,789                  |
| Pension                                    | 38,408                     |
| Total Deferred Inflows of Resources        | 2,030,197                  |
| <u>Net Position</u>                        |                            |
| Net Investment in Capital Assets           | 4,125,131                  |
| Other Purposes                             | 101,011                    |
| Unrestricted (Deficit)                     | (322,548)                  |
| Total Net Position                         | \$3,903,594                |

See Accompanying Notes to the Basic Financial Statements

Erie County General Health District  
Statement of Activities  
For the Year Ended December 31, 2017

|   | Program Revenues        |                                       |                                     | Net (Expense) Revenue<br>and Change in<br>Net Position |               |
|---|-------------------------|---------------------------------------|-------------------------------------|--|---------------|
| Expenses  | Charges<br>for Services | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions | Governmental<br>Activities                             |               |
| <u>Governmental Activities</u>                              |                         |                                       |                                     |  |               |
| General Health  | \$5,687,376             | \$2,170,090                           | \$2,165,857                         | \$0  | (\$1,351,429) |
| Health Clinic   | 4,793,605               | 2,730,088                             | 1,181,834                           | 800,000  | (81,683)      |
| Total Governmental Activities                               | \$10,480,981            | \$4,900,178                           | \$3,347,691                         | \$800,000  | (1,433,112)   |
| <u>General Revenues</u>                                     |                         |                                       |                                     |  |               |
| Property Taxes Levied for General Purposes                  |                         |                                       |                                     |  | 1,886,135     |
| Grants and Entitlements not Restricted to Specific Programs |                         |                                       |                                     |  | 281,734       |
| Other   |                         |                                       |                                     |  | 96,435        |
| Total General Revenues                                      |                         |                                       |                                     |  | 2,264,304     |
| Change in Net Position                                      |                         |                                       |                                     |  | 831,192       |
| Net Position Beginning of Year                              |                         |                                       |                                     |  | 3,072,402     |
| Net Position End of Year                                    |                         |                                       |                                     |  | \$3,903,594   |

See Accompanying Notes to the Basic Financial Statements

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Erie County General Health District  
Balance Sheet  
Governmental Funds  
December 31, 2017

|  | <u>General</u>     | <u>Clinical<br/>Patient<br/>Services</u> | <u>Environmental<br/>Health<br/>Programs</u> | <u>Other<br/>Governmental</u> |
|--|--------------------|--|--|-------------------------------|
| <u>Assets</u>  |                    |  |  |                               |
| Equity in Pooled Cash and Cash Equivalents                         | \$3,092,856        | \$0                                      | \$0  | \$6,063                       |
| Accounts Receivable  | 0                  | 110,870                                  | 13,013                                       | 5,026                         |
| Due from Other Governments   | 120,853            | 249,447                                  | 65,624                                       | 466,180                       |
| Prepaid Items  | 63,651             | 0  | 0  | 0                             |
| Materials and Supplies Inventory                                   | 0                  | 47,080                                   | 0  | 0                             |
| Property Taxes Receivable  | 2,085,729          | 0  | 0  | 0                             |
| Total Assets   | <u>\$5,363,089</u> | <u>\$407,397</u>                         | <u>\$78,637</u>                              | <u>\$477,269</u>              |
| <u>Liabilities</u>   |                    |  |  |                               |
| Accrued Wages Payable  | \$1,497            | \$100,616                                | \$25,081                                     | \$63,267                      |
| Accounts Payable   | 2,276              | 19,868                                   | 17,326                                       | 10,284                        |
| Contracts Payable  | 377,070            | 0  | 0  | 0                             |
| Due to Other Governments   | 14,134             | 18,094                                   | 5,849  | 56,175                        |
| Matured Compensated Absences Payable                               | 233                | 2,101                                    | 545  | 4,902                         |
| Retainage Payable  | 120,693            | 0  | 0  | 0                             |
| Total Liabilities  | <u>515,903</u>     | <u>140,679</u>                           | <u>48,801</u>                                | <u>134,628</u>                |
| <u>Deferred Inflows of Resources</u>                               |                    |  |  |                               |
| Property Taxes Receivable  | 1,991,789          | 0  | 0  | 0                             |
| Unavailable Revenue  | 214,793            | 0  | 0  | 185,358                       |
| Total Deferred Inflows of Resources                                | <u>2,206,582</u>   | <u>0</u>                                 | <u>0</u>                                     | <u>185,358</u>                |
| <u>Fund Balance</u>  |                    |  |  |                               |
| Nonspendable   | 63,651             | 47,080                                   | 0  | 0                             |
| Restricted   | 0                  | 0  | 29,836                                       | 198,464                       |
| Committed  | 0                  | 219,638                                  | 0  | 16,275                        |
| Unassigned (Deficit)   | 2,576,953          | 0  | 0  | (57,456)                      |
| Total Fund Balance   | <u>2,640,604</u>   | <u>266,718</u>                           | <u>29,836</u>                                | <u>157,283</u>                |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | <u>\$5,363,089</u> | <u>\$407,397</u>                         | <u>\$78,637</u>                              | <u>\$477,269</u>              |

See Accompanying Notes to the Basic Financial Statement:

Total  
Governmental  
Funds

---

\$3,098,919  
128,909  
902,104  
63,651  
47,080  
2,085,729

\$6,326,392

\$190,461  
49,754  
377,070  
94,252  
7,781  
120,693

840,011

1,991,789  
400,151

2,391,940

110,731  
228,300  
235,913  
2,519,497

3,094,441

\$6,326,392

Erie County General Health District  
 Reconciliation of Total Governmental Fund Balance  
 to Net Position of Governmental Activities  
 December 31, 2017

|  |             |             |
|--|-------------|-------------|
| Total Governmental Fund Balance  |             | \$3,094,441 |
| <p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>   |             |             |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  |             | 4,622,894   |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.                                  |             |             |
| Accounts Receivable  | 120,346     |             |
| Due from Other Governments   | 185,865     |             |
| Delinquent Property Taxes Receivable   | 93,940      |             |
|  |             | 400,151     |
| Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.  |             | (549,125)   |
| The net pension liability is not due and payable in the current period, therefore, the liability and related deferred outflows/inflows are not reported in the governmental funds. |             |             |
| Deferred Outflows - Pension  | 2,827,113   |             |
| Deferred Inflows - Pension   | (38,408)    |             |
| Net Pension Liability  | (6,453,472) |             |
|  |             | (3,664,767) |
| Net Position of Governmental Activities  |             | \$3,903,594 |

See Accompanying Notes to the Basic Financial Statements

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Erie County General Health District  
Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2017

|   | General            | Clinical<br>Patient<br>Services | Environmental<br>Health<br>Programs | Other<br>Governmental |
|---|--------------------|---------------------------------|-------------------------------------|-----------------------|
| <u>Revenues</u>                                 |                    |                                 |                                     |                       |
| Property Taxes                                  | \$1,901,325        | \$0                             | \$0                                 | \$0                   |
| Charges for Services                            | 0                  | 2,730,088                       | 324,702                             | 904,038               |
| Fees, Licenses, and Permits                     | 0                  | 0                               | 687,962                             | 201,973               |
| Intergovernmental                               | 506,775            | 1,990,354                       | 201,738                             | 1,681,913             |
| Other   | 1,196              | 78,910                          | 4,117                               | 12,212                |
| <b>Total Revenues</b>                           | <b>2,409,296</b>   | <b>4,799,352</b>                | <b>1,218,519</b>                    | <b>2,800,136</b>      |
| <u>Expenditures</u>                             |                    |                                 |                                     |                       |
| Current:  |                    |                                 |                                     |                       |
| General Health                                  |                    |                                 |                                     |                       |
| Salaries  | 51,200             | 0                               | 667,333                             | 1,821,839             |
| Fringe Benefits                                 | 8,779              | 0                               | 263,448                             | 679,467               |
| Travel and Transportation                       | 9,721              | 0                               | 31,492                              | 32,018                |
| Contractual Services                            | 806,595            | 0                               | 140,462                             | 724,759               |
| Materials and Supplies                          | 34,288             | 0                               | 55,528                              | 40,561                |
| Occupancy and Maintenance                       | 51,358             | 0                               | 250                                 | 831                   |
| Intergovernmental                               | 0                  | 0                               | 131,142                             | 131,713               |
| Capital Outlay                                  | 8,718              | 0                               | 10,199                              | 2,371                 |
| Other   | 128                | 0                               | 1,258                               | 900                   |
| Health Clinic                                   |                    |                                 |                                     |                       |
| Salaries  | 0                  | 2,124,684                       | 0                                   | 0                     |
| Fringe Benefits                                 | 0                  | 791,477                         | 0                                   | 0                     |
| Travel and Transportation                       | 0                  | 23,721                          | 0                                   | 0                     |
| Contractual Services                            | 0                  | 2,453,888                       | 0                                   | 0                     |
| Materials and Supplies                          | 0                  | 532,437                         | 0                                   | 0                     |
| Capital Outlay                                  | 0                  | 97,903                          | 0                                   | 0                     |
| Other   | 0                  | 8,059                           | 0                                   | 0                     |
| <b>Total Expenditures</b>                       | <b>970,787</b>     | <b>6,032,169</b>                | <b>1,301,112</b>                    | <b>3,434,459</b>      |
| Excess of Revenues Over<br>(Under) Expenditures | 1,438,509          | (1,232,817)                     | (82,593)                            | (634,323)             |
| <u>Other Financing Sources (Uses)</u>           |                    |                                 |                                     |                       |
| Transfers In                                    | 0                  | 950,080                         | 135,171                             | 529,008               |
| Transfers Out                                   | (1,614,259)        | 0                               | 0                                   | 0                     |
| <b>Total Other Financing Sources (Uses)</b>     | <b>(1,614,259)</b> | <b>950,080</b>                  | <b>135,171</b>                      | <b>529,008</b>        |
| Change in Fund Balances                         | (175,750)          | (282,737)                       | 52,578                              | (105,315)             |
| Fund Balance (Deficit) Beginning of Year        | 2,816,354          | 549,455                         | (22,742)                            | 262,598               |
| <b>Fund Balance End of Year</b>                 | <b>\$2,640,604</b> | <b>\$266,718</b>                | <b>\$29,836</b>                     | <b>\$157,283</b>      |

See Accompanying Notes to the Basic Financial Statements



| Total<br>Governmental<br>Funds |
|--------------------------------|
| \$1,901,325                    |
| 3,958,828                      |
| 889,935                        |
| 4,380,780                      |
| 96,435                         |
| <u>11,227,303</u>              |
| 2,540,372                      |
| 951,694                        |
| 73,231                         |
| 1,671,816                      |
| 130,377                        |
| 52,439                         |
| 262,855                        |
| 21,288                         |
| 2,286                          |
| 2,124,684                      |
| 791,477                        |
| 23,721                         |
| 2,453,888                      |
| 532,437                        |
| 97,903                         |
| 8,059                          |
| <u>11,738,527</u>              |
| <u>(511,224)</u>               |
| 1,614,259                      |
| <u>(1,614,259)</u>             |
| <u>0</u>                       |
| (511,224)                      |
| <u>3,605,665</u>               |
| <u><u>\$3,094,441</u></u>      |

Erie County General Health District  
 Reconciliation of Statement of Revenues, Expenditures,  
 and Change in Fund Balance  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2017

Change in Fund Balance - Total Governmental Funds (\$511,224)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.

|   |                  |           |
|---|------------------|-----------|
| Capital Outlay - Non-Depreciable Capital Assets | 2,129,752        |           |
| Capital Outlay - Depreciable Capital Assets     | 310,752          |           |
| Depreciation                                    | <u>(103,114)</u> |           |
|   |                  | 2,337,390 |

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

|                           |               |        |
|---------------------------|---------------|--------|
| Delinquent Property Taxes | (15,190)      |        |
| Charges for Services      | 51,415        |        |
| Intergovernmental         | <u>48,645</u> |        |
|                           |               | 84,870 |

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (78,131)

Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense on the statement of activities. (1,544,369)

Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows. 542,656

Change in Net Position of Governmental Activities \$831,192

See Accompanying Notes to the Basic Financial Statements

Erie County General Health District  
Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
General Fund  
For the Year Ended December 31, 2017

|   | Budgeted Amounts   |                    | Actual             | Variance with<br>Final Budget<br>Over<br>(Under) |
|---|--------------------|--------------------|--------------------|--|
|   | Original           | Final              |                    |  |
| <u>Revenues</u>                         |                    |                    |                    |  |
| Property Taxes                          | \$1,845,059        | \$1,845,059        | \$1,901,325        | \$56,266   |
| Intergovernmental                       | 480,230            | 480,230            | 506,775            | 26,545   |
| Other                                   | 2,500              | 2,500              | 1,196              | (1,304)  |
| <b>Total Revenues</b>                   | <b>2,327,789</b>   | <b>2,327,789</b>   | <b>2,409,296</b>   | <b>81,507</b>                                    |
| <u>Expenditures</u>                     |                    |                    |                    |  |
| Current:                                |                    |                    |                    |  |
| General Health                          |                    |                    |                    |  |
| Salaries                                | 78,449             | 78,354             | 52,442             | 25,912   |
| Fringe Benefits                         | 20,540             | 20,498             | 9,081              | 11,417   |
| Travel and Transportation               | 20,422             | 20,383             | 9,792              | 10,591   |
| Contractual Services                    | 806,233            | 804,534            | 346,152            | 458,382  |
| Materials and Supplies                  | 40,074             | 44,655             | 35,655             | 9,000  |
| Occupancy and Maintenance               | 46,000             | 64,750             | 64,750             | 0  |
| Capital Outlay                          | 10,000             | 9,995              | 8,718              | 1,277  |
| Other                                   | 142                | 141                | 128                | 13   |
| <b>Total Expenditures</b>               | <b>1,021,860</b>   | <b>1,043,310</b>   | <b>526,718</b>     | <b>516,592</b>                                   |
| Excess of Revenues Over<br>Expenditures | 1,305,929          | 1,284,479          | 1,882,578          | 598,099  |
| <u>Other Financing Uses</u>             |                    |                    |                    |  |
| Transfers Out                           | 0                  | (814,259)          | (1,614,259)        | (800,000)  |
| <b>Change in Fund Balance</b>           | <b>1,305,929</b>   | <b>470,220</b>     | <b>268,319</b>     | <b>(201,901)</b>                                 |
| Fund Balance Beginning of Year          | 2,824,537          | 2,824,537          | 2,824,537          | 0  |
| <b>Fund Balance End of Year</b>         | <b>\$4,130,466</b> | <b>\$3,294,757</b> | <b>\$3,092,856</b> | <b>(\$201,901)</b>                               |

See Accompanying Notes to the Basic Financial Statements

Erie County General Health District  
Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Clinical Patient Services Fund  
For the Year Ended December 31, 2017

|  | <u>Budgeted Amounts</u> |                  | <u>Actual</u>    | Variance with<br>Final Budget<br>Over<br>(Under) |
|--|-------------------------|------------------|------------------|--|
|  | <u>Original</u>         | <u>Final</u>     |                  | <u>(Under)</u>                                   |
| <u>Revenues</u>                          |                         |                  |                  |  |
| Charges for Services                     | \$2,317,300             | \$2,213,793      | \$2,676,210      | \$462,417  |
| Intergovernmental                        | 1,986,000               | 1,986,000        | 1,996,195        | 10,195   |
| Other                                    | 14,500                  | 14,500           | 79,140           | 64,640   |
| <b>Total Revenues</b>                    | <b>4,317,800</b>        | <b>4,214,293</b> | <b>4,751,545</b> | <b>537,252</b>                                   |
| <u>Expenditures</u>                      |                         |                  |                  |  |
| Current:                                 |                         |                  |                  |  |
| Health Clinic                            |                         |                  |                  |  |
| Salaries                                 | 2,455,669               | 2,084,339        | 2,084,339        | 0  |
| Fringe Benefits                          | 964,768                 | 785,073          | 785,073          | 0  |
| Travel and Transportation                | 35,854                  | 24,521           | 24,521           | 0  |
| Contractual Services                     | 2,674,354               | 2,526,937        | 2,526,937        | 0  |
| Materials and Supplies                   | 459,615                 | 526,097          | 526,097          | 0  |
| Capital Outlay                           | 72,500                  | 97,903           | 97,903           | 0  |
| Other                                    | 8,662                   | 6,755            | 6,755            | 0  |
| <b>Total Expenditures</b>                | <b>6,671,422</b>        | <b>6,051,625</b> | <b>6,051,625</b> | <b>0</b>   |
| Excess of Revenues<br>Under Expenditures | (2,353,622)             | (1,837,332)      | (1,300,080)      | 537,252  |
| <u>Other Financing Sources</u>           |                         |                  |                  |  |
| Transfers In                             | 0                       | 950,080          | 950,080          | 0  |
| <b>Change in Fund Balance</b>            | <b>(2,353,622)</b>      | <b>(887,252)</b> | <b>(350,000)</b> | <b>537,252</b>                                   |
| Fund Balance Beginning of Year           | 350,000                 | 350,000          | 350,000          | 0  |
| Fund Balance (Deficit) End of Year       | (\$2,003,622)           | (\$537,252)      | \$0              | \$537,252  |

See Accompanying Notes to the Basic Financial Statements

Erie County General Health District  
Statement of Revenues, Expenditures,  
and Change in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
Environmental Health Programs Fund  
For the Year Ended December 31, 2017

|   | Budgeted Amounts   |                  | Actual           | Variance with<br>Final Budget<br>Over<br>(Under) |
|---|--------------------|------------------|------------------|--|
|   | Original           | Final            |                  |  |
| <u>Revenues</u>                           |                    |                  |                  |  |
| Charges for Services                      | \$207,675          | \$261,165        | \$261,165        | \$0  |
| Fees, Licenses, and Permits               | 804,754            | 804,754          | 687,517          | (117,237)  |
| Intergovernmental                         | 158,000            | 204,757          | 201,738          | (3,019)  |
| Other                                     | 14,500             | (3,243)          | 4,117            | 7,360  |
| <b>Total Revenues</b>                     | <b>1,184,929</b>   | <b>1,267,433</b> | <b>1,154,537</b> | <b>(112,896)</b>                                 |
| <u>Expenditures</u>                       |                    |                  |                  |  |
| Current:                                  |                    |                  |                  |  |
| General Health                            |                    |                  |                  |  |
| Salaries                                  | 698,433            | 724,589          | 666,267          | 58,322   |
| Fringe Benefits                           | 289,511            | 286,419          | 263,365          | 23,054   |
| Travel and Transportation                 | 45,182             | 34,338           | 31,574           | 2,764  |
| Contractual Services                      | 125,790            | 144,301          | 132,686          | 11,615   |
| Materials and Supplies                    | 57,279             | 60,295           | 55,442           | 4,853  |
| Occupancy and Maintenance                 | 0                  | 272              | 250              | 22   |
| Intergovernmental                         | 144,777            | 139,930          | 128,667          | 11,263   |
| Capital Outlay                            | 13,000             | 11,092           | 10,199           | 893  |
| Other                                     | 355                | 1,368            | 1,258            | 110  |
| <b>Total Expenditures</b>                 | <b>1,374,327</b>   | <b>1,402,604</b> | <b>1,289,708</b> | <b>112,896</b>                                   |
| Excess of Revenues<br>Under Expenditures  | (189,398)          | (135,171)        | (135,171)        | 0  |
| <u>Other Financing Sources</u>            |                    |                  |                  |  |
| Transfers In                              | 0                  | 135,171          | 135,171          | 0  |
| <b>Change in Fund Balance</b>             | <b>(189,398)</b>   | <b>0</b>         | <b>0</b>         | <b>0</b>   |
| Fund Balance Beginning of Year            | 0                  | 0                | 0                | 0  |
| <b>Fund Balance (Deficit) End of Year</b> | <b>(\$189,398)</b> | <b>\$0</b>       | <b>\$0</b>       | <b>\$0</b>                                       |

See Accompanying Notes to the Basic Financial Statements

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017**

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**NOTE 1 - DESCRIPTION OF THE ERIE COUNTY GENERAL HEALTH DISTRICT AND THE REPORTING ENTITY**

**A. The Health District**

The constitution and laws of the State of Ohio establish the rights and privileges of the Erie County General Health District, Erie County (the Health District), as a body corporate and politic. The Health District is a combined Board of Health as defined by Section 3709.07 of the Ohio Revised Code. The Health District is the union of the city health departments of Sandusky, Huron, and Vermilion and the Erie County Board of Health. The Health District operates under the direction of an eleven-member appointed Board of Health with five members appointed by the City of Sandusky, one member each appointed by the cities of Huron and Vermilion, three members appointed by the District Advisory Council, and one member appointed by the District Licensing Council. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services, and issuing health-related licenses and permits.

**B. Reporting Entity**

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Erie County General Health District consists of all funds, departments, boards, and agencies that are not legally separate from the Health District.

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the Health District in that the Health District approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Health District. There were no component units of the Health District in 2017.

The Health District participates in a public entity shared risk pool, the Public Entities Pool of Ohio, which is presented in Note 16 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Erie County General Health 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. Following are the more significant of the Health District's accounting policies.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the Health District as a whole.

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

**Fund Financial Statements**

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

**B. Fund Accounting**

The Health District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All of the Health District's funds are governmental funds.

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

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for 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.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Clinical Patient Services Fund - This fund accounts for state and federal grants and patient fees committed for personnel costs, supplies, and contracts to run the clinic.

Environmental Health Programs Fund - This fund accounts for fees, licenses, and permits restricted to providing healthy environmental conditions.

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

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Health District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

D. 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 modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.



**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

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**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, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Health District, available means expected to be received within thirty-one days after year end.

Nonexchange transactions, in which the Health District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Health District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Health District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: charges for services and grants.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the Health District, deferred outflows of resources consists of pension which is explained in Note 10 to the basic financial statements.

In addition to liabilities, the statement of financial position may report 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 until that time. For the Health District, deferred inflows of resources includes property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. This amount has been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the Health District, unavailable revenue includes intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and explained in Note 10 to the basic financial statements.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Expenses/Expenditures

On the accrual basis, 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 governmental funds.

E. Budgetary Process

All funds are required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations measure, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate. The appropriations measure is the Board of Health's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board of Health. The level of control has been established by the Board of Health at the fund level for all funds. Budgetary allocations at the function and object level for all funds are made by the Chief Financial Officer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Chief Financial Officer. 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 Board of Health.

The appropriations measure 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 appropriations measure 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 Board of Health during the year.

F. Cash and Investments

As required by the Ohio Revised Code, the Erie County Treasurer is custodian for the Health District's deposits and investments. The County's deposit and investment pool holds the Health District's cash and investments, valued at the Treasurer's reported carrying amount.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption.

I. Capital Assets

All of the Health District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The Health District maintains a capitalization threshold of two thousand five hundred dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated, except land and construction in progress. 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:

| Description                        | Estimated Lives |
|------------------------------------|-----------------|
| Land Improvements                  | 20 years        |
| Buildings and Improvements         | 39-40 years     |
| Furniture, Fixtures, and Equipment | 5-20 years      |
| Vehicles                           | 5-10 years      |

J. Compensated Absences

Vacation 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 the Health District will compensate the employees for the benefits through paid time off or some other means. The Health District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Health District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the Health District's termination policy. The Health District records a liability for accumulated unused sick leave for all employees with ten or more years of service with the Health District.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees who have accumulated unpaid leave are paid.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on 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 obligations of the funds. However, net pension liability and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year.

**L. Net Position**

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Health District’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**M. Fund Balance**

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

**Nonspendable** - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action of the Board of Health. The committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action 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 classification are intended to be used by the Board of Health for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Health. The Board of Health has authorized the Chief Financial Officer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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

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

N. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

O. Pension

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

P. Estimates

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For 2017, the Health District has implemented Governmental Accounting Standard Board (GASB) Implementation Guide No. 2016-1. These changes were incorporated in the Health District 2017 financial statements; however, there was no effect on beginning net position/fund balance.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

At December 31, 2017, the following funds had deficit fund balances:

| Fund Type/Fund                    | Deficit  |
|-----------------------------------|----------|
| Nonmajor Special Revenue Funds    |          |
| HUD Lead                          | \$26,728 |
| Bureau Children Medical Handicaps | 553      |
| Vital Statistics                  | 23,178   |
| Drug Free Communities             | 6,997    |

The deficit fund balances in the special revenue funds resulted from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (continued)

**B. Compliance**

The following funds had appropriations in excess of estimated resources plus available balances for the year ended December 31, 2017.

| Fund Type/Fund                  | Estimated<br>Resources Plus<br>Available<br>Balances | Appropriations | Excess      |
|---------------------------------|--|----------------|-------------|
| Original Budget                 |  |                |             |
| Clinical Patient Services       | \$4,667,800  | \$6,671,422    | \$2,003,622 |
| Institutional Nursing Contracts | 860,000  | 1,044,926      | 184,926     |
| Environmental Health Programs   | 1,184,929  | 1,374,327      | 189,398     |
| Final Budget                    |  |                |             |
| Clinical Patient Services       | 5,514,373  | 6,051,625      | 537,252     |

Although the Health District maintains multiple funds for which its Board of Health approves appropriations, the Health District presents combined appropriation data to the County Commissioners. As such, the Health District has limited its review of budgetary compliance to the level presented to the County Commissioners. Budgetary compliance is to be maintained at the level of appropriation as approved by the Board of Health and will work towards ensuring appropriate budgetary review. The Chief Financial Officer will review appropriations to ensure they are within amounts available.

For the year ended December 31, 2017, the General Fund had expenditures plus encumbrances in excess of appropriations at the legal level of control, in the amount of \$283,408. The Health District will review expenditures to ensure they are within amounts appropriated.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual - for the General Fund and the Clinical Patient Services and Environmental Health Programs special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

|   | General     | Clinical<br>Patient<br>Services | Environmental<br>Health<br>Programs |
|---|-------------|---------------------------------|-------------------------------------|
| GAAP Basis                                | (\$175,750) | (\$282,737)                     | \$52,578                            |
| <u>Increases (Decreases) Due To</u>       |             |                                 |                                     |
| Revenue Accruals:                         |             |                                 |                                     |
| Accrued 2016, Received<br>in Cash 2017    | 0           | 312,510                         | 14,655                              |
| Accrued 2017, Not Yet<br>Received in Cash | 0           | (360,317)                       | (78,637)                            |
| Expenditure Accruals:                     |             |                                 |                                     |
| Accrued 2016, Paid<br>in Cash 2017        | (44,640)    | (168,888)                       | (37,397)                            |
| Accrued 2017, Not Yet<br>Paid in Cash     | 515,903     | 140,679                         | 48,801                              |
| Prepaid Items                             | (27,194)    | 0                               | 0                                   |
| Materials and Supplies<br>Inventory       | 0           | 8,753                           | 0                                   |
| Budget Basis                              | \$268,319   | (\$350,000)                     | \$0                                 |

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2017, consisted of accounts (billings for health services); intergovernmental receivables arising from grants, entitlements, and shared revenues; and property taxes. All receivables are considered collectible in full and within one year, except for property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.



**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 6 - RECEIVABLES** (continued)

A summary of the principal items of intergovernmental receivables follows:

|   | Amount    |
|---|-----------|
| Governmental Activities                             |           |
| Major Funds   |           |
| General Fund  |           |
| Homestead and Rollback                              | \$120,853 |
| Clinical Patient Services                           |           |
| HRSA Grant  | 215,486   |
| Medicaid  | 33,961    |
| Total Clinical Patient Services                     | 249,447   |
| Environmental Health Programs                       |           |
| Erie County   | 65,624    |
| Total Major Funds                                   | 435,924   |
| Nonmajor Funds                                      |           |
| Women, Infants, and Children                        |           |
| WIC Administration                                  | 157,401   |
| Child and Family Health                             |           |
| CFHSP Grant   | 13,092    |
| Immunization Action Plan                            |           |
| Immunization Action Plan Grant                      | 4,819     |
| Institutional Nursing Contracts                     |           |
| School Contracts                                    | 99,726    |
| Jail Contracts                                      | 68,132    |
| Total Institutional Nursing Contracts               | 167,858   |
| HUD Lead  |           |
| HUD Lead Grant                                      | 45,756    |
| Public Health Emergency Planning and Response       |           |
| Public Health Emergency Planning and Response Grant | 14,462    |
| Injury Prevention                                   |           |
| Injury Prevention Grant                             | 30,636    |
| Community Health                                    |           |
| Safe Communities 2018                               | 20,077    |
| Drug Free Communities                               |           |
| Drug Free Communities Grant                         | 12,079    |
| Total Nonmajor Funds                                | 466,180   |
| Total Governmental Activities                       | \$902,104 |

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 7- PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the County. Real property tax revenues received in 2017 represent the collection of 2016 taxes. Real property taxes received in 2017 were levied after October 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2017 represent the collection of 2016 taxes. Public utility real and tangible personal property taxes received in 2017 became a lien on December 31, 2015, were levied after October 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Erie County General Health District. The County Auditor periodically remits to the Health District its portion of the taxes collected.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2017, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources-property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on a modified accrual basis, the revenue has been reported as deferred inflows of resources-unavailable revenue.

The full tax rate for all Health District operations for the year ended December 31, 2017, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2017 property tax receipts were based are as follows:

| Category                | Amount                 |
|-------------------------|------------------------|
| Real Property           |                        |
| Agricultural            | \$128,228,730          |
| Residential             | 1,520,227,050          |
| Commercial              | 392,859,070            |
| Industrial              | 44,497,230             |
| Public Utility Property |                        |
| Real                    | 13,195,450             |
| Personal                | 97,174,770             |
| Total Assessed Value    | <u>\$2,196,182,300</u> |

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2017, was as follows:

|   | Balance<br>December 31,<br>2016 | Additions          | Reductions           | Balance<br>December 31,<br>2017 |
|---|---------------------------------|--------------------|----------------------|---------------------------------|
| Governmental Activities:                    |                                 |                    |                      |                                 |
| Non-Depreciable Capital Assets              |                                 |                    |                      |                                 |
| Land  | \$59,050                        | \$0                | \$0                  | \$59,050                        |
| Construction in Progress                    | 58,126                          | 2,129,752          | (2,187,878)          | 0                               |
| Total Non-Depreciable Capital Assets        | <u>117,176</u>                  | <u>2,129,752</u>   | <u>(2,187,878)</u>   | <u>59,050</u>                   |
| Depreciable Capital Assets                  |                                 |                    |                      |                                 |
| Land Improvements                           | 38,460                          | 38,348             | 0                    | 76,808                          |
| Buildings and Improvements                  | 1,718,121                       | 2,296,291          | 0                    | 4,014,412                       |
| Furniture, Fixtures, and Equipment          | 576,661                         | 163,991            | 0                    | 740,652                         |
| Vehicles                                    | 29,514                          | 0                  | 0                    | 29,514                          |
| Total Depreciable Capital Assets            | <u>2,362,756</u>                | <u>2,498,630</u>   | <u>0</u>             | <u>4,861,386</u>                |
| Less Accumulated Depreciation for           |                                 |                    |                      |                                 |
| Land Improvements                           | 0                               | (1,923)            | 0                    | (1,923)                         |
| Buildings and Improvements                  | 0                               | (42,953)           | 0                    | (42,953)                        |
| Furniture, Fixtures, and Equipment          | (189,025)                       | (52,835)           | 0                    | (241,860)                       |
| Vehicles                                    | (5,403)                         | (5,403)            | 0                    | (10,806)                        |
| Total Accumulated Depreciation              | <u>(194,428)</u>                | <u>(103,114)</u>   | <u>0</u>             | <u>(297,542)</u>                |
| Total Depreciable Capital Assets, Net       | <u>2,168,328</u>                | <u>2,395,516</u>   | <u>0</u>             | <u>4,563,844</u>                |
| Governmental Activities Capital Assets, Net | <u>\$2,285,504</u>              | <u>\$4,525,268</u> | <u>(\$2,187,878)</u> | <u>\$4,622,894</u>              |

Depreciation expense was charged to governmental functions as follows:

|  |                  |
|--|------------------|
| Governmental Activities                              |                  |
| General Health                                       | \$27,639         |
| Health Clinic  | 75,475           |
| Total Depreciation Expense - Governmental Activities | <u>\$103,114</u> |

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 9 - RISK MANAGEMENT**

The Health District participates in the Public Entities Pool of Ohio, a public entity shared risk pool. The Health District pays an annual premium to the pool for various types of insurance coverage. Members agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal. During 2017, the Health District had the following insurance coverage:

| <u>Type of Coverage</u>         | <u>Coverage</u> | <u>Deductible</u> |
|---------------------------------|-----------------|-------------------|
| Building and Contents Liability | \$5,580,340     | \$1,000           |
| General Liability               | 3,000,000       | 1,000             |
| Medical Malpractice Liability   | 3,000,000       | 1,000             |
| Automobile Liability            | 3,000,000       | 0                 |
| Wrongful Acts                   | 3,000,000       | 1,000             |

There has been no significant reduction in insurance coverage from 2016 and no insurance settlement has exceeded insurance coverage during the last three years.

**NOTE 10 - DEFINED BENEFIT PENSION PLAN**

**Net Pension Liability**

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

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

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

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

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**NOTE 10 - DEFINED BENEFIT PENSION PLAN** (continued)

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, the 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 the plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting.

**Plan Description - Ohio Public Employees Retirement System (OPERS)**

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

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

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

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN** (continued)

| <b>Group A</b>  | <b>Group B</b>  | <b>Group C</b>  |
|---|---|---|
| Eligible to retire prior to January 7, 2013, or five years after January 7, 2013  | 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013                            | Members not in other groups and members hired on or after January 7, 2013   |
| <b>State and Local</b>  | <b>State and Local</b>  | <b>State and Local</b>  |
| <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit             | <b>Age and Service Requirements:</b><br>Age 60 with 60 months of service credit or Age 55 with 25 years of service credit             | <b>Age and Service Requirements:</b><br>Age 57 with 25 years of service credit or Age 62 with 5 years of service credit               |
| <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years | <b>Formula:</b><br>2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years |
| <b>Public Safety</b>  | <b>Public Safety</b>  | <b>Public Safety</b>  |
| <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit or Age 52 with 15 years of service credit              | <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit or Age 52 with 15 years of service credit              | <b>Age and Service Requirements:</b><br>Age 52 with 25 years of service credit or Age 56 with 15 years of service credit              |
| <b>Law Enforcement</b>  | <b>Law Enforcement</b>  | <b>Law Enforcement</b>  |
| <b>Age and Service Requirements:</b><br>Age 52 with 15 years of service credit  | <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit or Age 52 with 15 years of service credit              | <b>Age and Service Requirements:</b><br>Age 48 with 25 years of service credit or Age 56 with 15 years of service credit              |
| <b>Public Safety and Law Enforcement</b>  | <b>Public Safety and Law Enforcement</b>  | <b>Public Safety and Law Enforcement</b>  |
| <b>Formula:</b><br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years | <b>Formula:</b><br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years | <b>Formula:</b><br>2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years |

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

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN** (continued)

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

|  | State<br>and Local | Public<br>Safety | Law<br>Enforcement |
|--|--------------------|------------------|--------------------|
| <b>2017 Statutory Maximum Contribution Rates</b> |                    |                  |                    |
| Employer   | 14.0%              | 18.1%            | 18.1%              |
| Employee   | 10.0 %             | *                | **                 |
| <b>2017 Actual Contribution Rates</b>            |                    |                  |                    |
| Employer   |                    |                  |                    |
| Pension  | 13.0 %             | 17.1 %           | 17.1 %             |
| Postemployment Health Care Benefits              | 1.0                | 1.0              | 1.0                |
| Total Employer                                   | 14.0 %             | 18.1 %           | 18.1 %             |
| Total Employee                                   | 10.0 %             | 12.0 %           | 13.0 %             |

\* This rate is determined by OPERS' Board and has no maximum rate established by the ORC.

\*\* This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's contractually required contribution was \$542,656 for 2017. Of this amount, \$27,236 is reported as an intergovernmental payable.

**Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension**

The net pension liability for OPERS was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Health District's proportion of the net pension liability was based on the Health District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

|   | OPERS       |
|---|-------------|
| Proportion of the Net Pension Liability |             |
| Current Measurement Date                | 0.02841900% |
| Prior Measurement Date                  | 0.02612300% |
| Change in Proportionate Share           | 0.00229600% |
| Proportionate Share of the Net          |             |
| Pension Liability                       | \$6,453,472 |
| Pension Expense                         | \$1,544,369 |

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN** (continued)

At December 31, 2017, the Health District reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

|  | OPERS       |
|--|-------------|
| <b>Deferred Outflows of Resources</b>  |             |
| Difference Between Expected and Actual Experience  | \$8,747     |
| Changes of Assumptions   | 1,023,600   |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments   | 961,071     |
| Changes in Proportion and Differences Between Health District Contributions and the Proportionate Share of Contributions | 291,039     |
| Health District Contributions Subsequent to the Measurement Date   | 542,656     |
| Total Deferred Outflows of Resources   | \$2,827,113 |
| <br><b>Deferred Inflows of Resources</b>   |             |
| Difference Between Expected and Actual Experience  | \$38,408    |

\$542,656 reported as deferred outflows of resources related to pension resulting from Health District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

|                          | OPERS       |
|--------------------------|-------------|
| Year Ending December 31, |             |
| 2018                     | \$982,182   |
| 2019                     | 942,396     |
| 2020                     | 349,644     |
| 2021                     | (28,173)    |
| 2022                     | 0           |
| Total                    | \$2,246,049 |

**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.



**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN** (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB Statement No. 67. In 2016, the OPERS actuarial consultants conducted an experience study for the period 2011 through 2015 comparing assumptions to actual results. The experience study incorporates both a historical review and forward looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions with the most notable being a reduction in the actuarially assumed rate of return from 8 percent to 7.5 percent for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuations, reflecting experience study results, prepared as of December 31, 2016, compared to December 31, 2015, are presented below.

|   | December 31, 2016  | December 31, 2015   |
|---|--|---|
| Wage Inflation                                  | 3.25 percent   | 3.75 percent  |
| Future Salary Increases,<br>including inflation | 3.25 to 10.05 percent<br>including wage inflation          | 4.25 to 10.05 percent<br>including wage inflation         |
| COLA or Ad Hoc COLA:                            |  |   |
| Pre-January 7, 2013                             | 3 percent simple   | 3 percent simple  |
| Post-January 7, 2013                            | 3 percent simple through 2018,<br>then 2.15 percent simple | 3 percent simple through 2018,<br>then 2.8 percent simple |
| Investment Rate of Return                       | 7.5 percent  | 8 percent   |
| Actuarial Cost Method                           | individual entry age                                       | individual entry age                                      |

For 2016, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvements back to the observation base year of 2006 and then established the base year of 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvements scale to the above described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN** (continued)

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016, and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the traditional pension plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. The Defined Benefit portfolio historically included the assets of the member-directed retiree medical accounts funded through the VEBA Trust; however, the VEBA Trust was closed as of June 30, 2016, and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plan. The table below displays the board approved asset allocation policy for 2016 and the long-term expected real rates of return.

| Asset Class            | Target<br>Allocation | Weighted Average<br>Long-Term Expected<br>Real Rate of Return<br>(Arithmetic) |
|------------------------|----------------------|---|
| Fixed Income           | 23.00 %              | 2.75 %  |
| Domestic Equities      | 20.70                | 6.34  |
| Real Estate            | 10.00                | 4.75  |
| Private Equity         | 10.00                | 8.97  |
| International Equities | 18.30                | 7.95  |
| Other Investments      | 18.00                | 4.92  |
| Total                  | <u>100.00 %</u>      |   |

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 10 - DEFINED BENEFIT PENSION PLAN** (continued)

Discount Rate - The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the 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 benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Health District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Health District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent as well as what the Health District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

|   | 1% Decrease<br>(6.5%) | Current<br>Discount Rate<br>(7.5%) | 1% Increase<br>(8.5%) |
|---|-----------------------|------------------------------------|-----------------------|
| Health District's Proportionate<br>Share of the Net Pension Liability | \$9,859,119           | \$6,453,472                        | \$3,615,465           |

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 postemployment 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 and combined pension plans. This trust is also used to fund health care for member-directed plan participants in the form of a retiree medical account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined pension 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 postemployment benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45. See OPERS' CAFR referenced below for additional information.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

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**NOTE 11 - POSTEMPLOYMENT BENEFITS** (continued)

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

Disclosures for the health care plan are presented separately in the OPERS financial report which 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.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. The portion of the employer contribution allocated to health care for members of both the traditional and combined plans was 1 percent for 2017. As recommended by OPERS' actuary, the portion of the employer contribution allocated to health care beginning January 1, 2018, decreased to 0 percent for both plans.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2017.

Substantially all of the Health District's contribution allocated to fund postemployment health care benefits relates to the cost-sharing multiple-employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$41,743, \$73,476, and \$65,026, respectively. For 2017, 95 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

**NOTE 12 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from personnel policies and State laws.

Health District employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave, not to exceed three years of accumulated leave, upon termination.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 12 - COMPENSATED ABSENCES** (continued)

Sick leave is earned at four and six-tenths hours per pay period as defined by Health District personnel policies. Any employee with the Health District, who elects to retire, is entitled to receive one-fourth of the value of their accumulated unused sick leave up to a maximum of two hundred forty hours.

**NOTE 13 - LONG-TERM OBLIGATIONS**

The Health District's long-term obligations activity for the year ended December 31, 2017, was as follows:

|                                | Balance<br>December 31,<br>2016 | Additions          | Reductions      | Balance<br>December 31,<br>2017 | Due Within<br>One Year |
|--------------------------------|---------------------------------|--------------------|-----------------|---------------------------------|------------------------|
| <u>Governmental Activities</u> |                                 |                    |                 |                                 |                        |
| Net Pension Liability          | \$4,524,833                     | \$1,928,639        | \$0             | \$6,453,472                     | \$0                    |
| Compensated Absences Payable   | 470,994                         | 89,992             | 11,861          | 549,125                         | 192,804                |
| Total Long-Term Obligations    | <u>\$4,995,827</u>              | <u>\$2,018,631</u> | <u>\$11,861</u> | <u>\$7,002,597</u>              | <u>\$192,804</u>       |

There is no repayment schedule for the net pension liability; however, employer pension contributions are made from the General Fund, and the Women's, Infants, and Children; Child and Family Health; Clinical Patient Services; Immunization Action Plan; Institutional Nursing Contracts; Public Health Emergency Planning and Response; Bureau Children Medical Handicaps; Vital Statistics; Injury Prevention; Community Health; and the Environmental Health Programs special revenue funds.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

**NOTE 14 - FUND BALANCE**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in governmental funds.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

**NOTE 14 - FUND BALANCE** (continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balance                     | General     | Clinical<br>Patient<br>Services | Environmental<br>Health<br>Programs |
|----------------------------------|-------------|---------------------------------|-------------------------------------|
| Nonspendable for:                |             |                                 |                                     |
| Prepaid Items                    | \$63,651    | \$0                             | \$0                                 |
| Materials and Supplies Inventory | 0           | 47,080                          | 0                                   |
| Total Nonspendable               | 63,651      | 47,080                          | 0                                   |
| Restricted for:                  |             |                                 |                                     |
| Environmental Health             | 0           | 0                               | 29,836                              |
| Committed for:                   |             |                                 |                                     |
| Clinical Patient Services        | 0           | 219,638                         | 0                                   |
| Unassigned                       | 2,576,953   | 0                               | 0                                   |
| Total Fund Balance               | \$2,640,604 | \$266,718                       | \$29,836                            |

| Fund Balance                                     | Other<br>Governmental |
|--|-----------------------|
| Restricted for:                                  |                       |
| Erie County 211                                  | \$6,063               |
| Child and Family Health                          | 10,170                |
| Community Health                                 | 5,802                 |
| Immunization Action Plan                         | 3,306                 |
| Injury Prevention                                | 26,155                |
| Public Health Emergency Planning<br>and Response | 8,730                 |
| Women, Infants, and Children                     | 138,238               |
| Total Restricted                                 | 198,464               |
| Committed for:                                   |                       |
| Institutional Nursing Contracts                  | 16,275                |
| Unassigned (Deficit)                             | (57,456)              |
| Total Fund Balance                               | \$157,283             |

**NOTE 15 - INTERFUND TRANSFERS**

During 2017, the General Fund made transfers to the Clinical Patient Services and Environmental Health Programs special revenue funds and to other governmental funds, in the amount of \$950,080, \$135,171, and \$529,008, respectively, to subsidize various programs or activities in those funds.

**Erie County General Health District  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2017  
(continued)**

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**NOTE 16 - PUBLIC ENTITY SHARED RISK POOL**

The Public Entities Pool of Ohio (Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to their annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6500 Taylor Road, Blacklick, Ohio 43004.

**NOTE 17 - CONTINGENT LIABILITIES**

**A. Litigation**

The Erie County General Health District is party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. In the opinion of the Health District, any potential liability would not have a material adverse effect on the financial statements.

**B. Federal and State Grants**

For the period January 1, 2017, to December 31, 2017, the Health District received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Health District believes such disallowances, if any, would be immaterial.

Erie County General Health District  
 Required Supplementary Information  
 Schedule of the Health District's Proportionate Share of the Net Pension Liability  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Four Years (1)

|  | 2017        | 2016        | 2015        | 2014        |
|--|-------------|-------------|-------------|-------------|
| Health District's Proportion of the Net Pension Liability  | 0.02841900% | 0.02612300% | 0.02388200% | 0.02388200% |
| Health District's Proportionate Share of the Net Pension Liability                                     | \$6,453,472 | \$4,524,833 | \$2,880,436 | \$2,815,377 |
| Health District's Employee Payroll   | \$4,174,279 | \$3,251,314 | \$2,927,925 | \$2,581,624 |
| Health District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll | 154.60%     | 139.17%     | 98.38%      | 109.05%     |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability                             | 77.25%      | 81.08%      | 86.45%      | 86.36%      |

(1) Information prior to 2014 is not available.

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



Erie County General Health District  
 Required Supplementary Information  
 Schedule of the Health District's Contributions  
 Ohio Public Employees Retirement System - Traditional Plan  
 Last Five Years (1)

|  | 2017        | 2016        | 2015        | 2014        | 2013        |
|--|-------------|-------------|-------------|-------------|-------------|
| Contractually Required Contribution                                  | \$542,656   | \$440,857   | \$390,158   | \$351,351   | \$335,611   |
| Contributions in Relation to the Contractually Required Contribution | (542,656)   | (440,857)   | (390,158)   | (351,351)   | (335,611)   |
| Contribution Deficiency (Excess)                                     | <u>\$0</u>  | <u>\$0</u>  | <u>\$0</u>  | <u>\$0</u>  | <u>\$0</u>  |
| Health District Employee Payroll                                     | \$4,174,279 | \$3,673,807 | \$3,251,314 | \$2,927,925 | \$2,581,624 |
| Contributions as a Percentage of Employee Payroll                    | 13.00%      | 12.00%      | 12.00%      | 12.00%      | 13.00%      |

(1) Information prior to 2013 is not available.

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

**Erie County General Health District**  
**Notes to Required Supplementary Information**  
**For the Year Ended December 31, 2017**

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**Changes in Assumptions - OPERS**

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below.

|   | <u>December 31, 2017</u>                                   | <u>December 31, 2016 and Prior</u>                        |
|---|--|---|
| Wage Inflation                                  | 3.25 percent   | 3.75 percent  |
| Future Salary Increases,<br>including inflation | 3.25 to 10.05 percent<br>including wage inflation          | 4.25 to 10.05 percent<br>including wage inflation         |
| COLA or Ad Hoc COLA:                            |  |   |
| Pre-January 7, 2013                             | 3 percent simple   | 3 percent simple  |
| Post-January 7, 2013                            | 3 percent simple through 2018,<br>then 2.15 percent simple | 3 percent simple through 2018,<br>then 2.8 percent simple |
| Investment Rate of Return                       | 7.5 percent  | 8 percent   |
| Actuarial Cost Method                           | individual entry age                                       | individual entry age                                      |

Amounts reported for 2017 use mortality rates based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvements back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvements scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2017

| Federal Grantor<br>Pass Through Grantor<br>Program Title  | Federal<br>CFDA<br>Number | Pass Through<br>Entity Identifying<br>Number | Total Federal<br>Expenditures |
|---|---------------------------|--|-------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>   |                           |  |                               |
| <i>Passed Through Ohio Department of Health</i>   |                           |  |                               |
| Special Supplemental Nutrition Program for Women, Infants, and Children   | 10.557                    | 2210011WA1017<br>2210011WA1118               | \$500,547<br>157,400          |
| <b>Total U.S. Department of Agriculture</b>   |                           |  | <b>657,947</b>                |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>  |                           |  |                               |
| <i>National Highway Traffic Safety Administration</i>   |                           |  |                               |
| <i>Passed Through Ohio Department of Public Safety</i>  |                           |  |                               |
| <u>Highway Safety Cluster:</u>  |                           |  |                               |
| State and Community Highway Safety  | 20.600                    | SC20172200000057400<br>SC2018220000000037    | 25,742<br>7,178               |
| <b>Total U.S. Department of Transportation</b>  |                           |  | <b>32,920</b>                 |
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>   |                           |  |                               |
| <i>Direct Program</i>   |                           |  |                               |
| Lead-Based Paint Hazard Control in Privately-Owned Housing  | 14.900                    | N/A  | 589,201                       |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>   |                           |  |                               |
| <i>Direct Program</i>   |                           |  |                               |
| Drug-Free Communities Support Program Grants  | 93.276                    | N/A  | 130,860                       |
| <u>Health Center Cluster:</u>   |                           |  |                               |
| Consolidated Health Centers (Community Health Centers, Migrant Health Centers,<br>Health Care for the Homeless, and Public Housing Primary Care)                    | 93.224                    | N/A  | 1,113,763                     |
| Rural Health Research Centers   | 93.155                    | N/A  | 44,201                        |
| Food and Drug Administration_Research   | 93.103                    | N/A  | 13,901                        |
| <i>Passed Through Ohio Department of Health</i>   |                           |  |                               |
| Preventive Health and Health Services Block Grant Funded Soley with Prevention<br>and Public Health Funds (PPHF)  | 93.758                    | 2210014IP0417                                | 73,932                        |
| National State Based Tobacco Control Programs   | 93.305                    | 2210014TU0117<br>2210014TU0218               | 37,407<br>19,500              |
| Total National State Based Tobacco Control Programs   |                           |  | 56,907                        |
| Maternal and Child Health Services Block Grant to the States  | 93.994                    | 2210011MP0117<br>2210011MP0218               | 83,832<br>13,092              |
| Total Maternal and Child Health Services Block Grant to the States  |                           |  | 96,924                        |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP)<br>Aligned Cooperative Agreements   | 93.074                    | 2210012PH0817<br>2210012PH0918               | 57,232<br>23,804              |
| Total HPP and PHEP Aligned Cooperative Agreements   |                           |  | 81,036                        |
| Family Planning_Services  | 93.217                    | 02210011RH0617<br>02210011RH0718             | 76,990<br>194,855             |
| Total Family Planning Services  |                           |  | 271,845                       |
| PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure<br>and Performance Financed in Part by Prevention and Public Health Funds | 93.539                    | 02210012IM0317                               | 10,569                        |
| <b>Total U.S. Department of Health and Human Services</b>   |                           |  | <b>1,893,938</b>              |
| <b>Total Expenditures of Federal Awards</b>   |                           |  | <b>\$3,174,006</b>            |

The accompanying notes are an integral part of this schedule.

**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Erie County General Health District (the District) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

Erie County General Health District  
Erie County  
420 Superior Street  
Sandusky, Ohio 44870-1815

To the Members of the Board:

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 Erie County General Health District, Erie County, Ohio (the District) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 19, 2018.

### ***Internal Control Over Financial Reporting***

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

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

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

**Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-001 and 2017-002.

**District's Response to Findings**

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and/or corrective action plan. We did not subject the District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 19, 2018



# Dave Yost • Auditor of State

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

Erie County General Health District  
Erie County  
420 Superior Street  
Sandusky, Ohio 44870-1815

To the Members of the Board:

### ***Report on Compliance for each Major Federal Program***

We have audited Erie County General Health District, Erie County, Ohio's (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on each Major Federal Program***

In our opinion, Erie County General Health District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2017.

**Report on Internal Control Over Compliance**

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

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

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

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 19, 2018



**ERIE COUNTY GENERAL HEALTH DISTRICT  
ERIE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2017**

|  |
|--|
| <b>1. SUMMARY OF AUDITOR'S RESULTS</b> |
|--|

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

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

**FINDING NUMBER 2017-001**

**Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing unit from making any expenditure of money unless it has been lawfully appropriated.

General Fund budgetary-basis expenditures (\$2,140,977) exceeded authorized appropriations (\$1,857,569) by \$283,408 at December 31, 2017.

This instance of non-compliance was not detected due to deficiencies in the District's compliance monitoring controls. Spending in excess of authorized amounts could result in deficit spending practices, resulting in deficit fund balances.

The Director of Administrative Services should not certify the availability of funds and should deny payment requests exceeding appropriations. The Director of Administrative Services may request the Board of Health to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Officials' Response**

The error was a result of beginning fund balance (Detox Fund – one time construction) on the budgetary analysis spreadsheet did not tie to the prior year's ending cash balance.

**FINDING NUMBER 2017-002**

**Noncompliance**

**Ohio Rev. Code § 5705.39** provides that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

Appropriations (\$6,051,625) exceeded estimated resources (\$5,514,373) by \$537,252 in the Clinical Patient Services Fund at December 31, 2017.

This instance of non-compliance was not detected due to deficiencies in the District's compliance monitoring controls. The failure to limit appropriations to amounts certified could allow for deficit spending practices, resulting in deficit fund balances.

The Director of Administrative Services should monitor appropriations as compared to estimated resources and submit amendments to the Board of Health or reduce appropriations if sufficient revenues are not available.

**Officials' Response**

The error was a result of beginning fund balance (Detox Fund – one time construction) on the budgetary analysis spreadsheet did not tie to the prior year's ending cash balance.

|                                       |
|---------------------------------------|
| <b>3. FINDINGS FOR FEDERAL AWARDS</b> |
|---------------------------------------|

**None**



**Erie County Health Department**  
*An Accredited Public Health Department*  
**Erie County Community Health Center**  
*A Federally Qualified Health Center*

**Peter T. Schade, MPH, RS**  
*Health Commissioner*



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**2 CFR 200.511(b)**  
**DECEMBER 31, 2017**

| <b>Finding Number</b> | <b>Finding Summary</b>  | <b>Status</b>    | <b>Additional Information</b> |
|-----------------------|---|------------------|-------------------------------|
| 2016-001              | Material Weakness for errors in financial reporting.  | Fully corrected. | N/A                           |
| 2016-002              | Noncompliance, significant deficiency, and questioned cost for 42 CFR 51c.303 for the lack of supporting documentation for discounts of patient payments. | Fully corrected. | N/A                           |



**Erie County Health Department**  
*An Accredited Public Health Department*  
**Erie County Community Health Center**  
*A Federally Qualified Health Center*

**Peter T. Schade, MPH, RS**  
*Health Commissioner*



**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**December 31, 2017**

| <b>Finding Number</b> | <b>Planned Corrective Action</b>   | <b>Anticipated Completion Date</b> | <b>Responsible Contact Person</b>     |
|-----------------------|--|------------------------------------|---------------------------------------|
| 2017-001              | Management will take steps to ensure that the correct balances are used to monitor appropriations going forward. | September 19, 2018                 | Joseph Palmucci, Chief Fiscal Officer |
| 2017-002              | Management will take steps to ensure that the correct balances are used to monitor appropriations going forward. | September 19, 2018                 | Joseph Palmucci, Chief Fiscal Officer |

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# Dave Yost • Auditor of State

ERIE COUNTY GENERAL HEALTH DISTRICT

ERIE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 2, 2018