



Public Health
Prevent. Promote. Protect.

North Central Public Health District

"Caring For Our Communities"

North Central Public Health District Board of Health Meeting

December 20, 2016

3:00 PM

Meeting Room @
NCPHD

AGENDA -

1. **Minutes**
 - a. No minutes to approve
 - b. Set Next Meeting Date (1/10/2017)
2. **Additions to the Agenda**
3. **Public Comment**
4. **Unfinished Business**
 - a. Staffing Update
 - b. Public Health Modernization Status Update
5. **New Business**
 - a. Transition of Board Leadership
 - b. Fiscal Audit Report – Presented by Hans Graichen of Pauly Rogers and Co.
 - c. Contracts
 - d. Director's Report

Note: This agenda is subject to last minute changes.

Meetings are ADA accessible. If special accommodations are needed please contact NCPHD in advance at (541) 506-2626. TDD 1-800-735-2900. NCPHD does not discriminate against individuals with disabilities.

If necessary, an Executive Session may be held in accordance with: ORS 192.660 (2) (d) Labor Negotiations; ORS 192.660 (2) (h) Legal Rights; ORS 192.660 (2) (e) Property; ORS 192.660 (2) (i) Personnel

**NORTH CENTRAL PUBLIC HEALTH DISTRICT
WASCO COUNTY, OREGON**

COMMUNICATION TO THE GOVERNING BODY

FOR THE YEAR ENDED JUNE 30, 2016



**12700 SW 72nd Ave.
Tigard, OR 97223**



PAULY, ROGERS AND Co., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

October 24, 2016

To the Board of Health
North Central Public Health District

We have audited the basic financial statements of the governmental activities and major fund of North Central Public Health District (the District) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Purpose of the Audit

Our audit was conducted using sampling, inquiries and analytical work to opine on the fair presentation of the basic financial statements and compliance with:

- generally accepted accounting principles and auditing standards
- the Oregon Municipal Audit Law and the related administrative rules

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the basic financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the basic financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas to be tested.

Our audit included obtaining an understanding of the District and its environment, including internal control, sufficient to assess the risks of material misstatement of the basic financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the District or to acts by management or employees acting on behalf of the District. We also communicated any internal control related matters that are required to be communicated under professional standards.

Results of Audit

1. Audit opinion letter - an unmodified opinion on the basic financial statements has been issued. This means we have given a “clean” opinion with no reservations.
2. State minimum standards – We found no exceptions or issues requiring comment.
3. Management letter – No separate management letter was issued.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used are described in Note 1 to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2016, except for the implementation of GASB Statement No. 72 – *Fair Value Measurement and Application* and GASB 79 – *Certain External Investment Pools and Pool Participants*. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the basic financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the basic financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the basic financial statements were management’s estimates of accounts receivable and pension liabilities, which are based on estimated collectability of receivables and actuarial assumptions. We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures in the basic financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no adjusting journal entries required as a result of audit procedures. There were no uncorrected misstatements noted during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the basic financial statements or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audit.

Pauly, Rogers and Co., P.C.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the basic financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to our retention as your auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Required Supplementary Information

With respect to the required supplementary information accompanying the basic financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the required supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

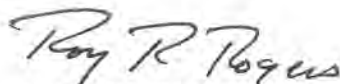
Other Information

With respect to the other information accompanying the basic financial statements, we read the information to identify if any material inconsistencies or misstatement of facts existed with the audited financial statements. Our results noted no material inconsistencies or misstatement of facts.

Other Matters – Best Practices

1. In reviewing fidelity insurance (employee honesty) coverage, we noticed that the District carries cash balances in excess of the insurance coverage amount. We recommend that the Board examine this exposure risk and make a determination as to the amount of insurance coverage they feel is prudent in regard to their oversight.

This information is intended solely for the use of the Board and management and is not intended to be and should not be used by anyone other than these specified parties.


ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

**NORTH CENTRAL PUBLIC HEALTH DISTRICT
WASCO COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016



12700 SW 72nd Ave.
Tigard, OR 97223

NORTH CENTRAL PUBLIC HEALTH DISTRICT

JUNE 30, 2016

BOARD OF HEALTH

Mike Smith, Chair

Fred Schubert, Vice Chair

David Anderson

William C. Hamilton

Steve Kramer (Ended 09/2015)

Scot Hege (Started 09/2015)

Steve Shaffer

Michael Takagi

Linda Thompson

Roger J. Whitely

All Board members receive mail at the address below:

ADMINISTRATION

Teri Thalhofer, Director
419 East 7th Street
The Dalles, OR 97058

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NORTH CENTRAL PUBLIC HEALTH DISTRICT

FINANCIAL REPORT

June 30, 2016

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NORTH CENTRAL PUBLIC HEALTH DISTRICT

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October 24, 2016

INDEPENDENT AUDITORS' REPORT

To the Board of Health
North Central Public Health District

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the governmental activities and major fund of North Central Public Health District (the District), as of and for the year ended June 30, 2016, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of North Central Public Health District as of June 30, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The District adopted the provisions of GASB Statement No. 72 - *Fair Value Measurement and Application* and GASB 79 – *Certain External Investment Pools and Pool Participants*, for the year ended June 30, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the management discussion and analysis or the schedules of pension liability or employer contributions because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedule presented as Required Supplementary Information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The listing of board members, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 24, 2016, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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**North Central Public Health District
Management Discussion and Analysis
For the year ended June 30, 2016**

This section of North Central Public Health District (NCPHD) annual financial report presents our discussion and analysis of NCPHD's financial performance of the fiscal year ending June 30th, 2016. Please read it in conjunction with NCPHD's financial statements and the related notes. The Management's Discussion and Analysis (MD&A) is a required element of required supplemental information specified in the GASB Statement No. 34 -Basic Financial Statements - and Management's Discussion and Analysis -for State and Local Governments.

This discussion and analysis are intended to serve as an introduction to NCPHD's basic financial statements. The financial statements consist of: Government-wide financial statements and notes to the financial statements. A budget-to-actual schedule is included in the 2016 NCPHD financials.

Financial Highlights

From the 2016 NCPHD financials, the key financial highlights for the period July 1, 2015 to June 30, 2016 include the following:

- The total fund balance of the General Fund ended at a positive \$379,585.
- Overall General Fund revenues were \$1,900,729 as compared to \$1,863,909 of expenditures.

Government-wide Financial Statements

The government-wide financial statements are designed to provide an overview of NCPHD's financial operations, in a manner similar to private sector business. The Statement of Net Position (Table 1) presents information regarding all assets and liabilities, with the difference between the two being reported as net position. Changes in net position may serve as a useful indicator of whether or not the overall financial position of NCPHD is improving or deteriorating. The Statement of Activities (Table 2) presents information showing NCPHD's revenues and expenditures during the year under audit, as well as the resulting change in net position. All activities in the government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. NCPHD, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. NCPHD has one Governmental fund.

- *Governmental funds* – All of NCPHD's services are reported in governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government -wide financial statements. However, unlike the government-wide financial statements , governmental fund financial statements focus on how money flows into and out of activity-specific funds and the balances left at year-end that are available for spending. Such information is useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance NCPHD's programs. NCPHD maintains one fund:
 - General Fund

Notes to the Financial Statement

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

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of NCPHD, total assets increased from the previous fiscal year. The Statement of Net Position provides the perspective of NCPHD as a whole.

Table 1
Net Position

	2016	2015	% Change
ASSETS:			
Current and other assets	\$ 503,471	\$ 473,667	6.3%
Capital assets (net)	15,908	13,630	16.7%
Total Assets	<u>\$ 519,379</u>	<u>\$ 487,297</u>	<u>6.6%</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Pension related deferral	300,799	-	100%
TOTAL ASSETS AND PENSION RELATED DEFERRALS	<u>\$ 820,178</u>	<u>\$ 487,297</u>	<u>68.3%</u>
LIABILITIES:			
Current and other liabilities	\$ 168,691	\$ 169,117	-0.3%
Total Liabilities	<u>168,691</u>	<u>169,117</u>	<u>-0.3%</u>
NET POSITION:			
Net investment in capital assets	15,908	13,630	16.7%
Unrestricted	635,579	304,550	108.7%
Total Net Position	<u>651,487</u>	<u>318,180</u>	<u>104.8%</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 820,178</u>	<u>\$ 487,297</u>	<u>68.3%</u>

NCPHD was in the third year of operations since starting Jan. 1, 2014. Total assets were \$519,379 which includes capital assets. Assets increased by 6.6%, this is mainly due to the capital purchase of a utility trailer with a grant from Homeland Security.

Pension related deferral is a new item this year due to changes in reporting requirements. This results in an increase of over 68% in total assets and pension related deferrals.

Total liabilities were \$168,691 all of which were current as of June 30, 2016. This was a slight decrease from the previous year. The total net position was \$651,487. The substantial increase from the previous year is due to the new GASB #68 requirement of reporting pension related deferrals.

**Table 2
Activities**

	2016	2015	% Change
REVENUES:			
Charges for services	\$ 240,781	\$ 328,948	-26.8%
Operating grants / contributions	995,797	1,173,727	-15.2%
General revenues	664,151	782,544	-15.1%
Total Revenues	1,900,729	2,285,219	-16.8%
EXPENDITURES:			
Public Health	1,567,369	1,967,312	-20.3%
Hazardous Waste	-	267,059	-100.0%
Total Expenses	1,567,369	2,234,371	-29.9%
Change in Net Position	333,360	50,848	555.6%
Beginning Net Position, restated	318,127	267,332	19.0%
Ending Net Position	\$ 651,487	\$ 318,180	104.8%

The 2016 Beginning Balance restated amount is less the \$53 balance from the Household Hazardous Waste Fund.

The total revenue in Table 2 "Activities" shows a 16.8% decrease. This is due to a combination of the Household Hazardous Waste transfer to Wasco County and a decrease in clinic fees due to the reduction of clinic walk in days from 5 days a week to two half days .

The total program expenses for Public Health shows a 20.3% decrease. This is largely due to not filling some positions as they became vacant.

The Ending Net Position shows an increase of over 100%, this is due to the new reporting requirements of including pension related deferral.

Requests for Information

This financial report is designed to provide a general overview of NCPHD's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director, 419 E 7th St., The Dalles, OR 97058.

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BASIC FINANCIAL STATEMENTS

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NORTH CENTRAL PUBLIC HEALTH DISTRICT

STATEMENT OF NET POSITION

at June 30, 2016

ASSETS:

Cash and cash equivalents	\$ 413,351
Accounts receivable	87,930
Prepaid expense	2,190
Capital assets, net	<u>15,908</u>
Total Assets	<u>519,379</u>

DEFERRED OUTFLOWS OF RESOURCES:

Pension related deferrals	<u>300,799</u>
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TOTAL ASSETS AND PENSION RELATED DEFERRALS	<u>\$ 820,178</u>
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LIABILITIES:

Accounts payable	\$ 48,850
Payroll liabilities	75,036
Accrued vacation	<u>44,805</u>
Total Liabilities	<u>168,691</u>

NET POSITION:

Net investment in capital assets	15,908
Unrestricted	<u>635,579</u>
Total Net Position	<u>651,487</u>

TOTAL LIABILITIES AND NET POSITION	<u>\$ 820,178</u>
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See accompanying notes to the basic financial statements.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

**STATEMENT OF ACTIVITIES
for the Year Ended June 30, 2016**

<u>FUNCTIONS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>		<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
Public Health	\$ 1,567,369	\$ 240,781	\$ 995,797	\$ (330,791)
Total Governmental Activities	<u>\$ 1,567,369</u>	<u>\$ 240,781</u>	<u>\$ 995,797</u>	<u>(330,791)</u>

General Revenues

County	539,483
Interest	3,024
Miscellaneous	<u>121,644</u>

Total General Revenues 664,151

Changes in Net Position 333,360

Net Position – Beginning
as restated for Hazard Waste Fund transfer to County 318,127

Net Position – Ending \$ 651,487

See accompanying notes to the basic financial statements.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

BALANCE SHEET – GOVERNMENTAL FUND
at June 30, 2016

	GENERAL FUND
ASSETS:	
Cash and cash equivalents	\$ 413,351
Accounts receivable	87,930
Prepaid expenditures	2,190
Total Assets	\$ 503,471
LIABILITIES AND FUND BALANCES:	
Liabilities:	
Accounts payable	\$ 48,850
Payroll liabilities	75,036
Total Liabilities	123,886
Fund Balances:	
Nonspendable	2,190
Unassigned	377,395
Total Fund Balance	379,585
Total Liabilities and Fund Balances	\$ 503,471

See accompanying notes to the basic financial statements.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
at June 30, 2016

Total Fund Balances - Governmental Fund	\$ 379,585
Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earnings, and contributions subsequent to the measurement date.	
Deferred Outflows of Resources	300,799
Accrued vacation is reported as an expenditure and a liability in the Statement of Net Position, whereas in governmental funds, accrued vacation is not reported.	
Accrued vacation	(44,805)
The cost of capital assets (automobiles) purchased or constructed is reported as an expenditure in the governmental fund. The Statement of Net Position includes those capital assets among the assets of the District as a whole.	
Capital assets, net of depreciation	<u>15,908</u>
Net Position	<u>\$ 651,487</u>

See accompanying notes to the basic financial statements.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
for the Year Ended June 30, 2016

	GENERAL FUND
REVENUES:	
Local Sources	
Interest	\$ 3,024
District grants and contracts	539,483
Contributions	1,118
Fees	240,781
Miscellaneous	121,644
Federal and State sources	994,679
Total Revenues	1,900,729
EXPENDITURES:	
Personal Services	1,489,310
Materials and Services	374,599
Total Expenditures	1,863,909
Net Change in Fund Balance	36,820
Beginning Fund Balance - as restated for Hazard Waste Fund transfer to County	342,765
Ending Fund Balance	\$ 379,585

See accompanying notes to the basic financial statements.

NORTH CENTRAL PUBLIC HEALTH DISTRICT
RECONCILIATION OF THE GOVERNMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
for the Year Ended June 30, 2016

Total Net Changes in Fund Balances - Governmental Funds \$ 36,820

The pension expense represents the changes in net pension assets (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits. 300,799

Capital outlays are reported in the governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation.

Capital outlay	\$ 5,308	
Depreciation expense	<u>(3,030)</u>	2,278

Accrued vacation is reported as an expenditure and a liability in the Statement of Net Position, whereas in governmental funds, accrued vacation is not reported.

Changes in accrued vacation		<u>(6,537)</u>
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Change in Net Position of Governmental Activities		<u><u>\$ 333,360</u></u>
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NOTES TO THE
BASIC FINANCIAL STATEMENTS

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NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units as required by Oregon law. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

A. THE FINANCIAL REPORTING ENTITY

North Central Public Health District (the District) is a municipal corporation governed by a Board, and is organized under provisions of Oregon Revised Statutes Chapter 190. The District was formed through an intergovernmental agreement between Wasco County, Sherman County and Gilliam County on June 19, 2013 to meet ORS chapter 431 responsibilities and duties of public health departments. The District began operations January 1, 2014. Generally accepted accounting principles require that these basic financial statements present all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate entities that are included in the District's reporting because of the significance of their operational or financial relationships with the District. All significant activities with which the District exercises oversight responsibility have been considered for inclusion in the basic financial statements. As of July 1, 2015 the Hazardous Waste Project that was managed by the District, was transferred to Wasco County including all assets and obligations. There are no component units.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information about activities as a whole. The Statement of Net Position and the Statement of Activities were prepared using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the citizenry, as a whole; program revenues reduce the cost of the function to be financed from the general revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (continued)

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

GOVERNMENTAL FUND TYPES

Governmental funds are used to account for the general government activities. Governmental fund types use the flow of *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period (following the 60 day rule). Grant revenue is not considered available and, therefore, is not recognized until received. Expenditures are recorded when the liability is incurred.

Revenues susceptible to accrual are federal, state, and local shared revenue. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The following major governmental funds are reported:

GENERAL FUND

This fund accounts for all financial resources and expenditures except those required to be accounted for in another fund (there are no other funds). The principal revenue sources are payments from the governing counties and federal and state grants.

GRANTS

Unreimbursed expenditures due from grantor agencies, if any, are reflected in the government-wide financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Cash received from grantor agencies in excess of related grant expenditures is recorded as a liability in the balance sheet and Statement of Net Position.

NET POSITION

Net position is comprised of the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following categories:

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. There was no restricted net position at June 30, 2016.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (continued)

NET POSITION (continued)

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

C. CASH AND INVESTMENTS

Cash and investments consist of demand deposits and investments in the State of Oregon Treasury Department's Local Government Investment Pool (LGIP). All money market investments and U.S. Treasury and agency obligations are reported at cost, which approximates fair value.

Investment in the LGIP is carried at amounts which approximate fair value. The State of Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the State Treasury. The State Treasury's investments in short-term securities are limited by the portfolio rules established by the Oregon Short-Term Fund Board and the Council. In accordance with Oregon statutes, the investment funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution. The LGIP's portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the LGIP's securities in the State of Oregon's name.

For basic financial statement purposes, all highly liquid investments with original maturities of three months or less are considered to be cash equivalents.

D. CAPITAL ASSETS

Capital assets are defined as assets with an initial, individual cost of more than \$5,000, and useful lives that exceed one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add additional function to the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight line method over the useful life of the asset. Automobiles are depreciated over 5 to 7 years.

E. SUPPLY INVENTORY

Detailed supply inventory records are not maintained. Inventory values are not considered by management to be material at year end.

F. ACCOUNTS RECEIVABLE

The accounts receivables are all current and are considered by management to be fully collectible. Therefore, no provision for uncollectable amounts has been made.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. ESTIMATES

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H. RETIREMENT PLANS

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. FAIR VALUE INPUTS, METHODOLOGIES AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. LIABILITY FOR COMPENSATED ABSENCES

Earned but unused vacation benefits are recorded as an expense and a corresponding current liability at year-end based on employees' hourly rates. Unused vacation accrual will expire on March 31 of following year.

K. FUND BALANCE

Fund balance is presented in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are non-spendable, restricted, committed, assigned, and unassigned.

- Non-spendable represents amounts that are not in a spendable form. The non-spendable balance represents prepaid items.
- Restricted represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned is the residual classification of the General Fund. Only the General Fund may report a negative unassigned fund balance.

There were no restricted, committed, or assigned fund balances at year end.

The following order of spending regarding fund balance categories is used: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

L. BUDGET AND APPROPRIATIONS

Budgets are adopted for all funds on the modified accrual basis of accounting. Major differences between the budgetary basis and the accrual basis are:

- Unused vacation at year-end is expensed in the following year if used before expiration.
- Land, building, and equipment purchases are budgeted as an expenditure in the year of acquisition.
- No depreciation is budgeted.
- Pension costs are not recorded until paid.
- Inventory is expensed when purchased instead of when used.

NORTH CENTRAL PUBLIC HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. BUDGET AND APPROPRIATIONS (continued)

Expenditures are controlled by appropriations adopted by resolution of the Board. Appropriations are adopted at the broad object level of personal services, materials and services, capital outlay, debt service, and special payments. These expenditure appropriations are adopted for purposes of accountability and as a method of providing public involvement into the budget process as provided by ORS 294.905 through 294.930. There is no legal requirement that expenditures do not exceed appropriations since the District is organized under provisions of Oregon Revised Statutes Chapter 190. Appropriations lapse at the end of each year. The budget as originally adopted may be amended by official resolution of the Board. There were no amendments following the original budget.

M. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. At June 30, 2016 there were deferred outflows of \$300,799 representing net pension related deferrals.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

2. CASH AND INVESTMENTS

Cash and Investments at June 30, 2016 were comprised of the following:

Bank Demand Deposits	\$ 25,673
LGIP	387,586
Cash on Hand	92
Total	<u>\$ 413,351</u>

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial risk. At June 30, 2016, bank deposits were fully insured by the Federal Deposit Insurance Corporation (FDIC).

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (continued)

Investments

Policy is to follow state statutes governing cash management. Statutes authorize the investment in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool (LGIP).

The only investment, at June 30, 2016 was funds deposited with the State of Oregon LGIP, which is part of the Oregon Short-term Fund (OSTF). The OSTF is a cash and investment pool available for use by all state funds and eligible local governments. The LGIP is an open-ended, no-load diversified portfolio offered to eligible participants who by law are made custodian of, or have control over, any public funds. Investment in the LGIP is carried at cost, which approximates fair value. The state of Oregon's investment policies used in administering the LGIP are governed by statute and the Oregon Investment Council (Council).

The State Treasurer is the investment officer for the Council and is responsible for the funds on deposit in the OSTF. The OSTF's investments in short-term securities are limited by the portfolio rules established by the Oregon Short-term Fund Board and the Council. In accordance with Oregon statutes, the investment funds are invested, and the investments of those funds managed, as a prudent investor would do, exercising reasonable care, skill, and caution. The LGIP's portfolio rules provide that broker/dealers meet certain qualifications and that investments are delivered to and held by a third-party custodian which holds the securities in the State of Oregon's name.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2016 the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. In order to manage the interest rate risk of its investments, the only investment is in LGIP. The LGIP has rules that require at least 50% of its investments to mature within 93 days, not more than 25% may mature in over a year, and all other investments must mature in no more than three years.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (continued)

Credit Risk - Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss due to a large portion of investments with a single issuer. At June 30, 2016, the only investment was in the Local Government Investment Pool.

3. CONCENTRATIONS

Revenue received from Department of Human Services and the Oregon Health Authority represented 16% and 33%, respectively, of total revenue for the year ended June 30, 2016.

4. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2016 are as follows:

	Balance 7/1/2015	Additions	Deletions	Balance 6/30/2016
Capital Assets				
Automobiles	\$ 15,902	\$ 5,308	\$ -	\$ 21,210
Total	15,902	5,308	-	21,210
Accumulated Depreciation				
Automobiles	2,272	3,030	-	5,302
Total	2,272	3,030	-	5,302
Total Net Capital Assets	<u>\$ 13,630</u>			<u>\$ 15,908</u>

All depreciation is allocated to public health.

5. RETIREMENT PLANS

Plan Description

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

- a. PERS Pension (Chapter 238). The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLANS (continued)

Plan Description (continued)

- i) Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii) Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii) Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv) Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. OPSRP Pension Program (OPSRP DB). The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i) Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
 - Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
 - General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
 - A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLANS (continued)

Plan Description (continued)

- ii) Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
- iii) Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
- iv) Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions - PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 was \$142,475, excluding amounts to fund employer specific liabilities.

Pension Asset or Liability - At June 30, 2016 the District reported no net pension liability for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2015 and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015 the District's proportion was .000 percent. As the District did not become a PERS employer until January 1, 2014, it would not have been included in the December 31, 2013 actuarial valuation and would have a zero percent proportionate share for the June 30, 2015 measurement date. Therefore, the District was not included in the actuarial report and will not show a net pension asset or net pension liability because it cannot be calculated.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on investments	-	-
Changes in proportionate share	-	-
Differences between employer contributions and employer's proportionate share of system contributions	158,324	-
Subtotal - amortized deferrals (below)	158,324	-
District contributions subsequent to measurement date	142,475	-
Deferred outflow (inflow) of resources	<u>\$ 300,799</u>	<u>\$ -</u>

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLANS (continued)

Pension Asset of Liability (continued)

Subtotal amounts related to pension as deferred outflows of resources, \$158,324, and deferred inflows of resources, \$0, net to \$158,324 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	\$ 38,044
2017	38,044
2018	38,044
2019	33,509
2020	10,683
Thereafter	-
Total	<u>\$ 158,324</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx

ACTUARIAL VALUATIONS

The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The proportionate shares calculated for the June 30, 2015 measurement date were based on the present value of projected future contributions from the December 31, 2013 actuarial valuation. As the District did not become a PERS employer until January 1, 2014, it would not have been included in the December 31, 2013 actuarial valuation and would have a zero percent proportionate share for the June 30, 2015 measurement date. Therefore, the District will not show a net pension liability because it cannot be calculated.

NORTH CENTRAL PUBLIC HEALTH DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. RETIREMENT PLANS (continued)

ACTUARIAL VALUATIONS (continued)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 18, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of a payroll as layers amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Inflation rate of return	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25% / 0.15%) in accordance with Moro Decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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 for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PENSION PLAN (continued)

DISCOUNT RATE (continued)

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	Decrease (6.75%)	Rate (7.75%)	Increase (8.75%)
District's proportionate share of the net pension liability	\$ -	\$ -	\$ -

The District's sensitivity is zero due to the District not having a pension liability in the current year.

Since the December 31, 2013 actuarial valuation, the system-wide accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions to the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. The reversal increased the benefits projected to be paid by employers compared to those developed on the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering investment return assumption to 7.50%, which was effective January 1, 2016 and will be included in the next update.

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700,

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

NORTH CENTRAL PUBLIC HEALTH DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

6. DEFERRED COMPENSATION PLAN

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

7. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize exposure to these risks. Settled claims have not exceeded this commercial coverage since the District's inception at January 1, 2014.

8. COMMITMENTS AND CONTINGENCIES

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although such amounts, if any, are expected by management to be immaterial.

9. SUBSEQUENT EVENT

Subsequent events for the year ended June 30, 2016 have been evaluated by management through October 24, 2016, the issuance date of the basic financial statements. No subsequent events have been identified that would require note disclosure.

10. RESTATEMENT OF PRIOR ENDING FUND BALANCE

On July 1, 2015 the Hazardous Waste Fund was transferred to Wasco County. The ending fund balance of \$53 was not recorded with the transfer. A restatement of the prior year's combined ending fund balance was required to report this difference.

Statement of Activities for the Year Ended June 30, 2016

Beginning fund balance as previously reported	\$ 318,180
Ending fund balance for Hazardous Waste Fund	(53)
Beginning fund balance as restated	<u>\$ 318,127</u>

Statement of Revenues, Expenditures and Changes in Fund Balance for the Year Ended June 30, 2016

Beginning fund balance as previously reported	\$ 342,818
Ending fund balance for Hazardous Waste Fund	(53)
Beginning fund balance as restated	<u>\$ 342,765</u>

REQUIRED
SUPPLEMENTARY INFORMATION

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NORTH CENTRAL PUBLIC HEALTH DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
ACTUAL AND BUDGET
for the Year Ended June 30, 2016**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:			
Local Sources			
Interest	\$ 1,200	\$ 3,024	\$ 1,824
District grants and contracts	547,325	539,483	(7,842)
Contributions	2,000	1,118	(882)
Fees	225,600	240,781	15,181
Miscellaneous	53,990	121,644	67,654
Federal and State sources	1,077,925	994,679	(83,246)
Total Revenues	<u>1,908,040</u>	<u>1,900,729</u>	<u>(7,311)</u>
EXPENDITURES:			
Personal Services	1,583,618	1,489,310	94,308
Materials and Services	361,449	374,599	(13,150)
Contingency	220,921	-	220,921
Total Expenditures	<u>2,165,988</u>	<u>1,863,909</u>	<u>302,079</u>
Net Change in Fund Balance	(257,948)	36,820	294,768
Beginning Fund Balance	<u>257,948</u>	<u>342,765</u>	<u>84,817</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ 379,585</u>	<u>\$ 379,585</u>

NORTH CENTRAL PUBLIC HEALTH DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

at June 30, 2016

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) The District's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.00 %	\$ -	\$ 1,100,606	0.00 %	91.9 %
2015	0.00	-	445,288	0.00	103.6
2014	0.00	-	-	0.00	92.0

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

The District does not have a share of the net pension liability because the proportionate shares actuarial calculation for the June 30, 2015 measurement date was based on the present value of projected future contributions from the December 31, 2013 actuarial valuation. The District did not become a PERS employer until January 1, 2014 so it would not have been included in the 2013 actuarial valuation.

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	\$ 142,475	\$ 142,475	\$ -	\$ 937,468	15.2 %
2015	149,232	149,232	-	1,100,606	13.6
2014	72,398	72,398	-	445,288	16.3

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

REPORTS ON LEGAL AND
OTHER REGULATORY REQUIREMENTS

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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

October 24, 2016

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the North Central Public Health District as of and for the year ended June 30, 2016, and have issued our report thereon dated October 24, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of the basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:


- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**
- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**

In connection with our testing nothing came to our attention that caused us to believe the North Central Public Health District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

This report is intended solely for the information and use of the Board, management and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in cursive script that reads "Roy R. Rogers".

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.



Requisition # ~~PENDING~~ 6462861

Purchase Order # 1900879

AMENDMENT TO
PROFESSIONAL SERVICES CONTRACT
NO. PSC-2016-0858
Between
OREGON HEALTH & SCIENCE UNIVERSITY
And
North Central Public Health District

- 1) This Amendment No. 1 ("Amendment") shall amend OHSU Contract No. PSC-2016-0858 effective October 1, 2015 between Oregon Health & Science University, an Oregon statutory public corporation, hereinafter called the **OHSU**, and North Central Public Health District, hereinafter called the **CONTRACTOR** ("Contract").
- 2) This Amendment shall be effective on the later of October 1, 2016 or the date that it is fully executed by the authorized representatives of the parties, below.
- 3) In consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree to amend the Contract and the prior amendments thereto, if any, as follows:
 - To increase the amount of the payment obligation. The "not to exceed" amount in Paragraph 2 on Page 1 is amended to read \$ 7284.98. This is an increase of \$ 1284.98 to the Contract.
 - To extend the Term to September 30, 2017.
 - The Scope of Work Section of the Contract is amended to read, (including any change in payment terms, deliverables, etc. "Contractor will participate on the local Community Connections Network ("CCN") multidisciplinary team. As a member of the team, the contractor will work with and involve family as well as health, social service and/or education providers and other providers as needed in the development of a service coordination and/or treatment plan appropriate for the child. Activities may include: consultation in the selection of children to be seen by the CCN team; evaluation of the child and completion of a written report that includes the contractor's findings from the evaluation ("Report"). Upon completion of an evaluation, a copy of the Report will be sent, in a timely manner, to the child's primary care provider, as well as directly to the child's family; Assist in the enlistment and education of local physicians around primary care of children and youth with special health needs; Assist in CCN community processes to identify needs and resources for children with special needs and participate in developing services to address gaps or deficient services." Add any attachments as appropriate.
- 4) If there is any conflict between the terms and provisions of this Amendment and the terms and provisions of the Contract or any prior amendments thereto, the terms and provisions of this Contract shall govern. Except as specifically set forth herein, all other provisions of the Contract and any prior amendments thereto shall remain in full force and effect and be binding upon the parties in accordance with their terms.



Dated this 2nd ~~15th~~ day of October ~~October~~, 20 16 ^{November} (To be completed by last signatory)

OREGON HEALTH & SCIENCE UNIVERSITY

North Central Public Health District
419 E. 7th Street
The Dalles OR 97058

Kim Royce Johnson
OHSU Contract Representative Date 11-2-16

Kathi Hall
Kathi Hall Date 10/25/16

Kim Royce-Johnson
Senior Contracts Specialist

E-mail: kathih@co.wasco.or.us
Phone: 541-506-2628
Fax:



Public Health
Prevent. Promote. Protect.

NORTH CENTRAL PUBLIC HEALTH DISTRICT

"Caring For Our Communities"

Directors Report for the Board of Health: December 16, 2016

Staffing:

NCPHD has hired Nicole Bailey as an Environmental Health Specialist Trainee. She will be relocating to the area and will be starting in January. We were very pleased with our applicant pool. Mike Matthew, REH Supervisor at Hood River Health Department participated in the interviews. Hood River is interested in partnering with us on this position to accommodate increasing work load.

Community Engagement:

Work continues with various groups connected to the CCO's and EL Hub around system development and coordination.

Step it Up Students, a program of the Wasco County MRC, continues to host monthly walk to school events. Turnout was lower given the challenging weather. Staff held the kick-off event for the Step it Up The Dalles program, funded through a grant from the Knight Cancer Institute. Many community partners are interested in increasing activity and walking groups have already started.

Modernization:

Public Health Modernization was not funded in the Governor's Budget released on December 16, 2016. The Public Health Advisory Board has discussed direction for the future. A group of public health advocates in Oregon will continue to work through the legislative process to obtain funding for Modernization.

Communicable Disease:

Influenza activity has been limited to this point this winter. CD Staff has been following the Meningococcal cases at OSU. With many OSU students in our region returning home for the holiday break, we have shared information with community medical providers to be aware if suspect cases present locally.

Other activities:

Dr. McDonell is taking the lead for NCPHD on the Blue Zones work. We have not yet heard the final decision from the committee, but the work and community conversations continue. Dr. McDonell is a member of a core group of 5-6 working on the project.

Judy Bankman has started to re-energize our work to complete our accreditation work plan. She is familiarizing herself with the documentation collected to date and creating task force groups to fill the gaps.

NCPHD staff are working with community partners on several grant opportunities. Dr. McDonell is working with the D21 Education Foundation on a grant to braid reading and stationary bike riding. I am working with the Sherman LCAC to expand the successful Gorgegrown Veggie RX program to Sherman County. We are also supporting the Gilliam LCAC on an application for an event to increase adolescent well child visits.

NCPHD continues work to support the CCO Quality Incentive Metrics through coordination with community partners on Long-Acting Contraceptive Methods, Adolescent Well-child visits, and immunizations. We send information to families of all children born in the region sharing the immunization schedule.

Maria Pena, NCPHD Community Health Worker, obtained Certified Health Interpreter status in the past month. Congratulations to her!

The Fit in Beverage program has undergone a name change to “Drink Fit” . Local restaurants participating in the program will be receiving discounts for the first time with their fees this month. Health Promotion staff have been visiting those restaurants that agreed to participate initially and reminding them of their commitment. The program is the only one of its kind in the US to our knowledge. It provides an incentive to vendors to limit access to sugar-sweetened beverages, rather than imposing a penalty.

Winter weather has presented some challenges this year, but staff are encouraged to put safety first.

Respectfully submitted,

Teri Thalhofer, RN, BSN