



**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2011**



**Dave Yost • Auditor of State**



**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Medina County Combined General Health District  
Medina County  
4800 Ledgewood Drive  
Medina, Ohio 44256

To the Board of Health:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio, (the District), as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio, as of December 31, 2011, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. The federal awards expenditure schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject 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 than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



**Dave Yost**  
Auditor of State

April 6, 2012

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(UNAUDITED)**

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The discussion and analysis of the Medina County Combined General Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2011, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

**Financial Highlights**

Key financial highlights for the year 2011 are as follows:

- Net assets increased \$144,490, or 3.89% from 2010. Total 2011 revenues were \$6,247,111 compared to total 2011 expenditures of \$6,102,621.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise \$3,112,484 of the Health District's receipts, making up 49.82% of all the dollars coming into the District. This is a slight decrease of 6.65% or \$221,896 from 2010. This decrease mostly occurred as a result of the end of the Public Health Emergency Response Grant for H1N1 response activities. General receipts in the form of property taxes, unrestricted grants, and other revenue make up the other 50.18%. Overall general cash receipts decreased \$169,406 or 5.13% from 2010.
- The Health District had \$6,102,621 in disbursements during 2011, a decrease of \$60,074 from 2010. The majority of the decrease was due to the decrease in H1N1 expenditures in 2011 versus 2010.
- There were no large capital expenditures made to the building in 2011.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Health District's cash basis of accounting.

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

The Statement of Net Assets – Cash Basis, and Statement of Activities – Cash Basis provide information about the activities of the whole Health District, presenting both an aggregate view of the Health District's finances, and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Health District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements, and provide expanded explanation and detail regarding the information reported in the statements.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(UNAUDITED)

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**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Health District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Health District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

***Reporting the Health District as a Whole***

The statement of net assets and the statement of activities reflect how the Health District did financially during 2011, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

These statements report the Health District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating. When evaluating the Health District's financial condition, you should also consider other non-financial factors as well, such as the Health District's property tax base, the condition of the Health District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

The Statement of Net Assets – Cash Basis, and the Statement of Activities – Cash Basis present governmental activities, which include all the Health District's services. The Health District has no business-type activities.

***Reporting the Health District's Most Significant Funds***

***Fund Financial Statements***

Fund financial statements provide detailed information about the Health District's major fund – not the Health District as a whole. The Health District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Health District are governmental.



**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
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**Governmental Funds** - The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs.

The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental fund is the General Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Health District as a Whole**

Table 1 provides a summary of the Health District's net assets for 2011 compared to 2010 on a cash basis:

**TABLE 1**  
Net Assets

	Governmental Activities		Change
	<u>2011</u>	<u>2010</u>	
Assets			
Equity in pooled cash	<u>\$ 3,858,012</u>	<u>\$ 3,713,522</u>	<u>\$ 144,490</u>
Net Assets			
Restricted for other purposes	780,719	916,479	(135,760)
Unrestricted	<u>3,077,293</u>	<u>2,797,043</u>	<u>280,250</u>
Total Net Assets	<u>\$ 3,858,012</u>	<u>\$ 3,713,522</u>	<u>\$ 144,490</u>

Net assets increased \$144,490 from 2010. The increase was due primarily to the increase in charges for service revenue and decrease in health promotion disbursements from 2010 to 2011.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Table 2 reflects the change in net assets in 2011, and provides a comparison to 2010 amounts:

**Table 2**  
Changes in Net Assets

	Governmental Activities 2011	Governmental Activities 2010	Change 2010 to 2011
<b>Cash Receipts:</b>			
<u>Program cash receipts</u>			
Charges for services	\$ 2,153,660	\$ 2,101,620	\$ 52,040
Operating grants &	958,824	1,232,760	(273,936)
<b>Total Program Cash Receipts</b>	<b>3,112,484</b>	<b>3,334,380</b>	<b>(221,896)</b>
<u>General cash receipts</u>			
Property & other local taxes	2,488,620	2,564,950	(76,330)
Grants & entitlements	556,187	628,725	(72,538)
Miscellaneous	89,820	110,358	(20,538)
<b>Total General Cash Receipts</b>	<b>3,134,627</b>	<b>3,304,033</b>	<b>(169,406)</b>
<b>Total Cash Receipts</b>	<b>6,247,111</b>	<b>6,638,413</b>	<b>(391,302)</b>
<b>Cash Disbursements</b>			
Public Health Nursing	1,893,074	1,827,337	65,737
Public Health Dental	763,842	728,842	35,000
Environmental Health	1,373,830	1,345,830	28,000
WIC	449,843	412,954	36,889
Health Promotion	470,582	787,836	(317,254)
Capital Outlay	132,053	70,468	61,585
Administration	1,019,397	989,428	29,969
<b>Total Cash Disbursements</b>	<b>6,102,621</b>	<b>6,162,695</b>	<b>(60,074)</b>
<b>Excess of cash receipts over (under) cash disbursements</b>	<b>144,490</b>	<b>475,718</b>	<b>(331,228)</b>
<b>Net Assets, Beginning of the Year</b>	<b>3,713,522</b>	<b>3,237,804</b>	<b>475,718</b>
<b>Net Assets, End of the Year</b>	<b>\$ 3,858,012</b>	<b>\$ 3,713,522</b>	<b>\$ 144,490</b>

In 2011, program receipts accounted for 49.82% of the Health District's total receipts. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, vending, campgrounds, trailer parks, swimming pools and spas, septic and water system permits, dental and nursing services, and state and federal operating grants and donations. 50.18% of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for general health district purposes.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(UNAUDITED)

**Governmental Activities**

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Nursing (31%), Dental (12%), Environmental (23%), WIC (7%), Health Promotion (8%), and Administration which includes Vital Statistics (17%), which account for the majority of all governmental disbursements. Capital Outlay disbursements account for the remaining 2% of governmental disbursement.

The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service, and grants received by the Health District, that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for both the current and prior years is presented in Table 3.

**Table 3**

	<b>Total Cost of Services 2011</b>	<b>Net Cost of Services 2011</b>	<b>Total Cost of Services 2010</b>	<b>Net Cost of Services 2010</b>
<b>Governmental Activities</b>				
Public Health Nursing	\$1,893,074	\$1,233,382	1,827,337	\$1,183,070
Public Health Dental	763,842	139,431	728,842	144,058
Environmental Health	1,373,830	514,228	1,345,830	464,170
WIC	449,843	(28,157)	412,954	(123,990)
Health Promotion	470,582	214,298	787,836	283,984
Capital Outlay	132,053	132,053	70,468	70,468
Administration	1,019,397	784,902	989,428	806,555
<b>Total Governmental Activities</b>	<b>\$6,102,621</b>	<b>\$2,990,137</b>	<b>\$6,162,695</b>	<b>\$2,828,315</b>

The Health District continues to search for ways to reduce its dependence upon property taxes and local subsidies by actively pursuing Federal and State grants, donations, and charging rates for services that are closely related to costs. 41% of the Health District costs are supported through property taxes. The District continues to update the charges for all its services, and has updated and added to the billing staff in order to make sure that all reimbursements due to the District from Medicare, Medicaid, private insurance, and fees paid are adequately collected.

36% of the Nursing Program was covered by grants and charges for services compared to 35% in 2010. 63% of the Environmental Health programs were covered by charges for service revenues compared to 66% in 2010. The Dental Clinic charges for services and grant funding amounted to 82% of its total operational costs compared to 80% in 2010. Health Promotion with emergency planning costs was 54% funded by local intergovernmental grants and a federal grant compared to 64% in 2010. The WIC program is 100% self-supported with a federal grant.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(UNAUDITED)

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**The Health District's Funds**

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

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

At the end of 2011, the Health District's governmental funds reported total ending fund balances of \$3,858,012. Of this amount, \$780,718 is Restricted, \$38,806 is Committed, \$401,291 is Assigned, and \$2,637,196 is Unassigned.

The general fund is the chief operating fund of the Health District. At the end of 2011, total fund balance in the general fund was \$3,077,293. Of the \$3,077,293 fund balance, \$38,806 was categorized as committed, \$401,291 was categorized as assigned, and \$2,637,196 unassigned. As a measure of the general fund's liquidity, it may be useful to compare the unassigned general fund balance to total general fund disbursements. Unassigned fund balance represents approximately 58% of the total general fund disbursements.

2011 receipts exceeded disbursements in the general fund by \$215,378, compared to \$558,593 in 2010. Charges for services including licenses and permit fees account for approximately 33% of receipts in the general fund. Intergovernmental receipts consisting of homestead and rollback receipts and payments from other local agencies for services rendered by the Health District amount to approximately 12 percent of general fund receipts. Together charges for services and intergovernmental receipts total approximately 45 percent of general fund receipts.

The District's non-major funds include, the Women, Infants, and Children (WIC) special revenue fund which accounts for federal grant monies for the WIC program. WIC is a nutrition program for pregnant women, women who recently had a baby, breastfeeding moms, infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. In 2011, the WIC program received \$478,000 in grant revenue, compared to \$536,944 in 2010. This is a reduction in WIC grant funding of approximately 11%. The ending balance for 2011 was \$224,827, compared to \$194,503 in 2010.

Another non-major fund, the Public Health Emergency Planning (PHEP) special revenue funds accounts for federal grant monies for public health infrastructure and emergency planning efforts which is managed by the Health Promotion Division. The program is responsible for developing the Health District's emergency operation plan and all supporting documents, training, implementation, and exercise programs. Planning and preparedness are collaborative efforts on a local level with the involvement of key partners in the Health District as well as regional partners. In 2011, the PHEP Grant funded a total of \$130,196 toward public health preparedness and planning activities, compared to \$473,909 in 2010. This significant drop in funding is due to the discontinuation of additional (response) grant funds received in 2010 for H1N1 response activities.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(UNAUDITED)**

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**General Fund Budgeting Highlights**

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

During the course of 2011, the Health District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts and appropriations.

**Debt Administration**

The Health District has no short or long term debt. The Health District Building was paid off and is debt free as of December 1, 2009.

**Contacting the Health District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to David H. McElhatten, Director for Business & Fiscal Affairs, 330-723-9511.

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**Medina County Combined General Health District**  
**Medina County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2011*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,858,012</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	780,719
Unrestricted	<u>3,077,293</u>
<i>Total Net Assets</i>	<u>\$3,858,012</u>

See accompanying notes to the basic financial statements

**Medina County Combined General Health District**

**Medina County**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2011*

	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
			Governmental Activities	
<b>Governmental Activities</b>				
Public Health Nursing	\$1,893,074	\$512,257	\$147,435	(\$1,233,382)
Public Health Dental	763,842	547,306	77,105	(139,431)
Environmental Health	1,373,830	859,602		(514,228)
WIC	449,843		478,000	28,157
Health Promotion	470,582		256,284	(214,298)
Capital Outlay	132,053			(132,053)
Administration	1,019,397	234,495		(784,902)
<i>Total Governmental Activities</i>	<u>\$6,102,621</u>	<u>\$2,153,660</u>	<u>\$958,824</u>	<u>(2,990,137)</u>
General Receipts:				
Property Taxes Levied for:				
General Health District Purposes				2,488,620
Grants and Entitlements Not Restricted for Specific Purposes				556,187
Miscellaneous				89,820
<i>Total General Receipts</i>				<u>3,134,627</u>
Change in Net Assets				144,490
<i>Net Assets Beginning of Year</i>				<u>3,713,522</u>
<i>Net Assets End of Year</i>				<u>\$3,858,012</u>

See accompanying notes to the basic financial statements



**Medina County Combined General Health District**  
**Medina County**  
*Statement of Assets and Fund Balances- Cash Basis*  
*Governmental Funds*  
*December 31, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,077,293	\$780,719	\$3,858,012
<b>Fund Balances</b>			
Restricted		780,719	780,719
Committed	38,806		38,806
Assigned	401,291		401,291
Unassigned	2,637,196		2,637,196
<i>Total Fund Balances</i>	<u>\$3,077,293</u>	<u>\$780,719</u>	<u>\$3,858,012</u>

See accompanying notes to the basic financial statements

**Medina County Combined General Health District**  
**Medina County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property Taxes	\$2,488,620		\$2,488,620
Intergovernmental	583,349	\$922,901	1,506,250
Charges for Services	1,572,429	571,179	2,143,608
Gifts and Contributions	8,761		8,761
Rent	74,373		74,373
Miscellaneous	15,447	10,052	25,499
<i>Total Receipts</i>	<u>4,742,979</u>	<u>1,504,132</u>	<u>6,247,111</u>
<b>Disbursements</b>			
Public Health Nursing	1,776,463	116,611	1,893,074
Public Health Dental	682,439	81,403	763,842
Environmental Health	668,696	705,134	1,373,830
WIC		449,843	449,843
Health Promotion	248,553	222,029	470,582
Capital Outlay	132,053		132,053
Administration	1,019,397		1,019,397
<i>Total Disbursements</i>	<u>4,527,601</u>	<u>1,575,020</u>	<u>6,102,621</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>215,378</u>	<u>(70,888)</u>	<u>144,490</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In		205,001	205,001
Transfers Out	(205,001)		(205,001)
Advances In	46,000	25,000	71,000
Advances Out	(25,000)	(46,000)	(71,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(184,001)</u>	<u>184,001</u>	
<i>Net Change in Fund Balances</i>	31,377	113,113	144,490
<i>Fund Balances Beginning of Year (Restated)</i>	<u>3,045,916</u>	<u>667,606</u>	<u>3,713,522</u>
<i>Fund Balances End of Year</i>	<u>\$3,077,293</u>	<u>\$780,719</u>	<u>\$3,858,012</u>

See accompanying notes to the basic financial statements

**Medina County Combined General Health District**  
**Medina County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$2,486,064	\$2,486,064	\$2,488,620	\$2,556
Intergovernmental	582,750	582,750	583,349	599
Charges for Services	1,570,814	1,570,814	1,572,429	1,615
Gifts and Contributions	8,752	8,752	8,761	9
Rent	74,297	74,297	74,373	76
Miscellaneous	15,431	15,431	15,447	16
<i>Total Receipts</i>	<u>4,738,108</u>	<u>4,738,108</u>	<u>4,742,979</u>	<u>4,871</u>
<b>Disbursements</b>				
Current:				
Public Health Nursing	2,189,439	2,199,439	1,817,252	382,187
Public Health Dental	842,625	880,625	746,371	134,254
Environmental Health	783,872	843,872	683,864	160,008
Health Promotion	386,325	386,325	253,375	132,950
Capital Outlay			132,053	(132,053)
Administration	1,887,101	1,779,101	1,114,455	664,646
<i>Total Disbursements</i>	<u>6,089,362</u>	<u>6,089,362</u>	<u>4,747,370</u>	<u>1,341,992</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,351,254)</u>	<u>(1,351,254)</u>	<u>(4,391)</u>	<u>1,346,863</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	46,000	46,000	46,000	
Transfers Out	(175,000)	(315,000)	(205,001)	109,999
Advances Out	(25,000)	(25,000)	(25,000)	
<i>Total Other Financing Sources (Uses)</i>	<u>(154,000)</u>	<u>(294,000)</u>	<u>(184,001)</u>	<u>109,999</u>
<i>Net Change in Fund Balance</i>	<u>(1,505,254)</u>	<u>(1,645,254)</u>	<u>(188,392)</u>	<u>1,456,862</u>
<i>Unencumbered Fund Balance Beginning of Year (Restated)</i>	2,863,454	2,863,454	2,863,454	
Prior Year Encumbrances Appropriated	182,462	182,462	182,462	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,540,662</u>	<u>\$1,400,662</u>	<u>\$2,857,524</u>	<u>\$1,456,862</u>

See accompanying notes to the basic financial statements

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**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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**Note 1 – Reporting Entity**

A seven-member appointed Board of Health governs the Health District. Two members are appointed by the District Advisory Council on behalf of the Townships, one member is appointed by the District Advisory Council as a medical representative, one member is appointed by the Licensing Council that represents vendors who are inspected or certified by the District, and one member each is appointed by the Cities of Brunswick, Medina, and Wadsworth. The Board appoints a health commissioner and all employees of the Health District.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Health District are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Health District. The Health District's services include certification of birth and death records, communicable disease investigations, immunization clinics, environmental health inspections, public health nursing services, dental services, women-infant-children nutritional education, the issuance of health-related licenses and permits, health education, and public health emergency response planning.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health District's accounting policies.

**A. Basis of Presentation**

The Health District's basic financial statements consist of government-wide financial statements, including a statement of net assets 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 assets and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health District has no business-type activities.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

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**Note 2 - Summary of Significant Accounting Policies (continued)**

The statement of net assets presents the cash and cash equivalent balances of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Health District.

Fund Financial Statements

During the year, the Health District segregates transactions related to certain Health District functions or activities in separate funds in order to aid financial management and to 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. Fiduciary funds are reported by type. The District has no Fiduciary funds.

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. Funds are used to segregate resources that are restricted as to use. All the funds of the Health District are presented as governmental funds.

Governmental Funds

Governmental funds are those through which the governmental functions of the Health District are financed. The following is the Health District's major governmental fund:

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

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

Trust funds are used to account for assets held by the Health District under a trust agreement for individuals, private organizations, or other governments and are not available to support the Health District's own programs. The Health District did not have any trust funds in 2011. Agency funds are purely custodial in nature and are used to account for assets held by the Health District. The Health District did not have any agency funds in 2011.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

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**Note 2 - Summary of Significant Accounting Policies (continued)**

C. Basis of Accounting

The Health District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Health District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Health District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and townships within the district if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the Health District must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the Board of Health may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement 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 resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board of Health during the year.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

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**Note 2 - Summary of Significant Accounting Policies (continued)**

E. Cash and Investments

The County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Medina County Treasurer, John Burke, 144 North Broadway, Medina, Ohio.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Health District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Health District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Health District's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Health District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.



**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include amounts restricted for state and federal grants.

The Health District's policy is to first apply restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted resources are available.

There are no net assets restricted by enabling legislation.

**N. 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 the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. The District did not have any nonspendable fund balances.

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

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Health. Those 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 (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Health, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Health District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Health or a Health District official delegated that authority by resolution, or by State Statute.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

**Note 2 - Summary of Significant Accounting Policies (continued)**

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

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Change in Accounting Principle and Restatement of Net Assets/Fund Equity**

For 2011, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances 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 upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following effect on fund balances of the major governmental funds and all other governmental funds as previously reported:

	General	Other Governmental Funds	Total
Fund Balance at December 31, 2010	\$2,797,043	\$916,479	\$3,713,522
GASB 54 Change in in Fund Structure	248,873	(248,873)	0
Restated Fund Balance at January 1, 2012	\$3,045,916	\$667,606	\$3,713,522

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

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**Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis) The encumbrances outstanding at year end (budgetary basis) amounted to \$219,769 for the general fund.

**Note 5 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Health District. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Health District operations for the year ended December 31, 2011, was \$1.00 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property	\$4,616,094,330
Public Utility Property	<u>89,068,810</u>
Total Assessed Values	<u>\$4,505,163,140</u>

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

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

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**Note 6 - Risk Management**

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

The Health District insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, (the latest information available) PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Health District's share of these unpaid claims collectible in future years is approximately \$28,000.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

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**Note 6 - Risk Management (continued)**

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

	<b><u>Contributions to PEP</u></b>
2009	\$30,862
2010	\$29,897
2011	\$32,280

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

**Note 7 - Defined Benefit Pension Plans**

Plan Description – The District participates 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

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**Note 7 - Defined Benefit Pension Plans (continued)**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2011, member and employer contribution rates were consistent across all three plans.

The District's 2011 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. Employer contribution rates are actuarially determined.

The Health District's required contributions for pension obligations to OPERS for the employee's traditional, combined, or self-directed plans for the years ended December 31, 2011, 2010, and 2009 were \$374,782, \$326,966, and, \$297,348 respectively. The full amount has been contributed for 2011, 2010, and 2009. Contributions to the member-directed plan are available upon request.

**Note 8 – Post-employment Benefits**

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

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**Note 8 – Post-employment Benefits (continued)**

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011.

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

The Health District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2011, 2010, and 2009 were \$149,913, \$181,648 and \$192,402 respectively; 100 percent has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**Note 9 - Interfund Transfers**

During 2011 the following net transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	<u>\$205,001</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(CONTINUED)

**Note 10 – Fund Balances**

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

Fund Balances	General Fund	Other Governmental Funds	Total
<b>Restricted for</b>			
Public Health Nursing		\$42,767	\$42,767
Public Health Dental		4,952	4,952
Environmental Health		488,901	488,901
WIC		224,827	224,827
Health Promotion		19,272	19,272
<i>Total Restricted</i>		<u>780,719</u>	<u>780,719</u>
<b>Committed to</b>			
Public Health Nursing	\$10,302		10,302
Health Promotion	336		336
Administration	28,168		28,168
<i>Total Committed</i>	<u>38,806</u>		<u>38,806</u>
<b>Assigned to</b>			
Public Health Nursing	30,487		30,487
Public Health Dental	63,931		63,931
Environmental Health	15,168		15,168
Health Promotion	4,486		4,486
Capital Outlay	116,820		116,820
Administration	36,735		36,735
Retirement	133,664		133,664
<i>Total Assigned</i>	<u>401,291</u>		<u>401,291</u>
Unassigned:	2,637,196		2,637,196
<i>Total Fund Balances</i>	<u>\$3,077,293</u>	<u>\$780,719</u>	<u>\$3,858,012</u>

**Note 11 – Contingent Liabilities**

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



**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	05210011WA0411	10.557	\$330,277
	05210011WA0512		<u>80,724</u>
Total U.S. Department of Agriculture			411,001
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through Ohio Department of Health</i>			
Maternal and Child Health Services Block Grant to the States	05210011MC0411	93.994	13,225
	05210011SC0411		13,889
	05210011MC0512		<u>32,112</u>
Total Maternal and Child Health Services Block Grant to the States			59,226
Grants for Dental Public Health Residency Training	05210011SC0411	93.236	53,458
Immunization Grants	05210012IM0411	93.268	37,400
<i>Passed through Ohio Department of Health Center for Disease Control and Prevention</i>			
Public Health Emergency Preparedness	05210012PH0211	93.069	182,053
	05210012PH0312		<u>40,322</u>
Total Public Health Emergency Preparedness			222,375
Total U.S. Department of Health and Human Services			<u>372,459</u>
<b>Total</b>			<b><u><u>\$783,460</u></u></b>

The accompanying note to this schedule is an integral part of this schedule.

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

NOTE TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2011

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Medina County Combined General Health District's (the District's) federal award programs' expenditures. The Schedule has been prepared on the cash basis of accounting.



# Dave Yost • Auditor of State

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

Medina County Combined General Health District  
Medina County  
4800 Ledgewood Drive  
Medina, Ohio 44256

To the Board of Health:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio, (the District) as of and for the year ended December 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 6, 2012, wherein we noted the District follows the cash basis of accounting and implemented Governmental Accounting Standards Board Statement 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 6, 2012.

We intend this report solely for the information and use of management, the Board of Health, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

April 6, 2012



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Medina County Combined General Health District  
Medina County  
4800 Ledgewood Drive  
Medina, Ohio 44256

To the Board of Health:

### Compliance

We have audited the compliance of the Medina County Combined General Health District, Medina County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Medina County Combined General Health District's major federal program for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Medina County Combined General Health District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Board of Health, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

April 6, 2012

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT  
MEDINA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses 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	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	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: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT**

**MEDINA 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  
APRIL 26, 2012**