MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2013

Dave Yost · Auditor of State

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY

TABLE OF CONTENTS

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Health:

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2013, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position and changes in net position. This information provides additional analysis and is not a required part of the basic financial statements.

The Federal Awards Expenditures Schedule also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

April 25, 2014

This page intentionally left blank.

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, 2013, 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 2013 are as follows:

- Net position increased $710,835 or 18.54% from 2012.
- Total 2013 receipts increased by $293,286 or 4.93% over 2012. Receipts from charges for services increased by $200,099 or 8.45% compared to 2012.
- Total 2013 disbursements declined $440,955 or 7.38% compared to 2012.
- Program specific receipts in the form of charges for services, operating grants and contributions comprise $3,203,452 of the Health District's receipts, making up 51.29% of the Health District's receipts compared to 48.54% in 2012, an increase of 2.75%. General receipts in the form of property taxes, unrestricted grants, and other revenue make up the other 48.71%. Overall cash receipts increased $293,286 or 4.93% from 2012.
- There were no large capital expenditures made to the building in 2013.

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 Position – 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.

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 Position and the Statement of Activities reflect how the Health District did financially during 2013, within the limitations of the cash basis of accounting. The Statement of Net Position – 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 Position – 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.

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 position for 2013 compared to 2012 on a cash basis:

Net Position

	Governmental Activities		
	2013	2012	Change
Assets			
Equity in pooled cash and cash equivalents	$ 4,545,441	$ 3,834,606	$ 710,835
Net Position			
Restricted for other purposes	$ 496,691	$ 519,887	$ (23,196)
Unrestricted	4,048,750	3,314,719	734,031
Total Net Position	$ 4,545,441	$ 3,834,606	$ 710,835

Net position increased $710,835 or 18.54% from 2012. The increase was primarily due to an increase in program receipts for services, operating grants & contributions combined with a decrease in total cash disbursements.

Table 2 reflects the change in net position in 2013, and provides a comparison to 2012 amounts:

Table 2
Changes in Net Position

	Governmental Activities 2013	Governmental Activities 2012	Change 2012 to 2013
Cash Receipts:			
Program cash receipts			
Charges for services and sales	$ 2,567,821	$ 2,367,722	$ 200,099
Operating grants & contributions	635,641	521,501	114,140
Total Program Cash Receipts	3,203,462	2,889,223	314,239
General cash receipts			
Property & other local taxes	2,503,183	2,473,756	29,427
Grants & entitlements	457,510	504,133	(46,623)
Miscellaneous	81,107	84,864	(3,757)
Total General Cash Receipts	3,041,800	3,062,753	(20,953)
Total Cash Receipts	6,245,262	5,951,976	293,286
Cash Disbursements			
Public Health Nursing	1,638,800	1,922,760	(283,960)
Public Health Dental	875,704	731,446	144,258
Environmental Health	1,338,255	1,392,624	(54,369)
WIC	369,408	371,566	(2,158)
Health Promotion	347,292	409,366	(62,074)
Capital Outlay	57,880	58,435	(555)
Administration	907,088	1,089,185	(182,097)
Total Cash Disbursements	5,534,427	5,975,382	(440,955)
Excess of cash receipts over (under) cash disbursements	710,835	(23,406)	734,241
Net Position, Beginning of the Year	3,834,606	3,858,012	(23,406)
Net Position, End of the Year	$ 4,545,441	$ 3,834,606	$ 710,835

In 2013, program receipts accounted for 51.29% of the Health District's total receipts compared to 48.54% in 2012, a reduction of 2.75%. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, vending, campgrounds, swimming pools and spas, septic and water system permits, dental and nursing services, and state and federal operating grants and donations. 48.71% of the Health District's total receipts were from general receipts compared to 51.46% in 2012. General receipts are those consisting mainly of property taxes levied for general health district purposes.

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 (29.61%), Dental (15.82%), Environmental (24.18%), WIC (6.67%), Health Promotion (6.28%), and Administration which includes Vital Statistics (16.39%), which account for the majority of all governmental disbursements. Capital Outlays account for the remaining 1.05% of governmental disbursements.

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

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Governmental Activities				
Public Health Nursing	$1,638,800	$857,883	$1,922,760	$1,146,332
Public Health Dental	875,704	347,031	731,446	167,951
Environmental Health	1,338,255	227,447	1,392,624	402,129
WIC	369,408	2,355	371,566	243,900
Health Promotion	347,292	188,611	409,366	236,970
Capital Outlay	57,880	57,880	58,435	58,435
Debt Service	-	-	-	-
Administration	907,088	649,758	1,089,185	830,442
Total Governmental Activities	$5,534,427	$2,330,965	$5,975,382	$3,086,159

The Health District continually strives to reduce 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. In 2013, 45.23% of the Health District costs were supported through property taxes compared to 41.40% in 2012, an increase of 3.83%. The District continues to update the charges for all its services and review billing practices and procedures to improve reimbursements due to the District from Medicare, Medicaid, private insurance, and fees.

The Nursing Program covered 47.66% of their costs through grants and charges for services compared to 40.38% in 2012. Environmental Health programs covered 83.00% of their costs through license, permit, and fee revenues compared to 71.12% in 2012. The Dental Clinic covered 60.37% of their costs for services through fees compared to 77.04% in 2012. The loss of the Dental Safety Net grant in 2013 contributed to this decline. Health Promotion with emergency planning costs was 45.69% funded by local intergovernmental grants, donations and a federal grant compared to 42.11% in 2012. The WIC program is 100% self-supported with a federal grant.

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 2013, the Health District's governmental funds reported total ending fund balances of $4,545,441. Of this amount, $496,691 is Restricted, $679,205 is Assigned, and $3,369,545 is Unassigned.

The General Fund is the chief operating fund of the Health District. At the end of 2013, total fund balance in the General Fund was $4,048,750. Of the $4,048,750 fund balance, $679,205 was categorized as Assigned, and $3,369,545 Unassigned. As a measure of the general fund's liquidity, it may be useful to compare total general fund balance to total general fund disbursements. Unassigned fund balance represents approximately 81.18% of the total general fund disbursements.

2013 receipts exceeded disbursements in the general fund by $762,502, compared to $293,773 in 2012. Charges for services including licenses and permit fees account for approximately 37.42% of receipts in the general fund, from 35.50% in 2012. Intergovernmental receipts consisting of homestead and rollback receipts and payments from other local agencies for services rendered by the Health District amount to approximately 9.88% percent of general fund receipts, compared to 11.09% in 2012. Together, charges for services and intergovernmental receipts total approximately 47.30% percent of general fund receipts, compared to 46.59% in 2012.

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 2013, the WIC program received $367,053 in grant revenue, compared to $127,666 in 2012. The ending balance for 2013 was $56,571, compared to $58,926 in 2012.

Another non-major fund, the Public Health Emergency Preparedness (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 2013, the PHEP Grant funded a total of $130,808 toward public health preparedness and planning activities, compared to $144,610 in 2012. This represents a 9.54% decrease in funding over 2012.

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 2013, 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 of Business & Fiscal Affairs, 330-723-9511.

This page intentionally left blank.

Medina County Combined General Health District
Medina County
Statement of Net Position - Cash Basis
December 31, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$4,545,441
Net Position	
Restricted for:	
Other Purposes	496,691
Unrestricted	4,048,750
Total Net Position	$4,545,441

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, 2013

	Cash Disbursements	Program Receipts: Charges for Services and Sales	Program Receipts: Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets: Governmental Activities
Governmental Activities				
Public Health Nursing	$1,638,800	$676,010	$104,907	($857,883)
Public Health Dental	875,704	523,673	5,000	(347,031)
Environmental Health	1,338,255	1,110,808		(227,447)
WIC	369,408		367,053	(2,355)
Health Promotion	347,292		158,681	(188,611)
Capital Outlay	57,880			(57,880)
Administration	907,088	257,330		(649,758)
Total Governmental Activities	$5,534,427	$2,567,821	$635,641	(2,330,965)
General Receipts:				
Property Taxes Levied for:				
General Health District Purposes				2,503,183
Grants and Entitlements Not Restricted for Specific Purposes				457,510
Miscellaneous				81,107
Total General Receipts				3,041,800
Change in Net Position				710,835
Net Position Beginning of Year				3,834,606
Net Position End of Year				$4,545,441

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, 2013

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$4,048,750	$496,691	$4,545,441
Fund Balances			
Restricted		496,691	496,691
Assigned	679,205		679,205
Unassigned	3,369,545		3,369,545
Total Fund Balances	$4,048,750	$496,691	$4,545,441

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, 2013

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property Taxes	$2,503,183		$2,503,183
Intergovernmental	485,365	$602,768	1,088,133
Charges for Services	1,838,304	716,016	2,554,320
Gifts and Contributions	5,018		5,018
Rent	70,526		70,526
Miscellaneous	10,581	13,501	24,082
Total Receipts	4,912,977	1,332,285	6,245,262
Disbursements			
Public Health Nursing	1,503,693	135,107	1,638,800
Public Health Dental	875,704		875,704
Environmental Health	607,349	730,906	1,338,255
WIC		369,408	369,408
Health Promotion	198,761	148,531	347,292
Capital Outlay	57,880		57,880
Administration	907,088		907,088
Total Disbursements	4,150,475	1,383,952	5,534,427
Excess of Receipts Over (Under) Disbursements	762,502	(51,667)	710,835
Other Financing Sources (Uses)			
Transfers In	1,267	28,938	30,205
Transfers Out	(28,938)	(1,267)	(30,205)
Advances In	25,000	25,800	50,800
Advances Out	(25,800)	(25,000)	(50,800)
Total Other Financing Sources (Uses)	(28,471)	28,471	
Net Change in Fund Balances	734,031	(23,196)	710,835
Fund Balances Beginning of Year	3,314,719	519,887	3,834,606
Fund Balances End of Year	$4,048,750	$496,691	$4,545,441

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, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	$2,307,380	$2,307,380	$2,503,183	$195,803
Intergovernmental	447,399	447,399	485,365	37,966
Charges for Services	1,694,509	1,694,509	1,838,304	143,795
Gifts and Contributions	4,625	4,625	5,018	393
Rent	65,009	65,009	70,526	5,517
Miscellaneous	9,753	9,753	10,581	828
Total Receipts	4,528,675	4,528,675	4,912,977	384,302
Disbursements				
Current:				
Public Health Nursing	1,948,624	1,915,243	1,517,293	397,950
Public Health Dental	921,573	955,573	895,884	59,689
Environmental Health	699,759	699,759	614,257	85,502
Health Promotion	250,598	249,979	206,850	43,129
Capital Outlay	229,072	229,072	57,880	171,192
Administration	1,232,583	1,232,583	966,153	266,430
Total Disbursements	5,282,209	5,282,209	4,258,317	1,023,892
Excess of Receipts Over (Under) Disbursements	(753,534)	(753,534)	654,660	1,408,194
Other Financing Sources (Uses)				
Transfers In	1,267	1,267	1,267	
Transfers Out	(250,583)	(250,583)	(28,938)	221,645
Advances In	25,000	25,000	25,000	
Advances Out	(25,800)	(25,800)	(25,800)	
Total Other Financing Sources (Uses)	(250,116)	(250,116)	(28,471)	221,645
Net Change in Fund Balance	(1,003,650)	(1,003,650)	626,189	1,629,839
Unencumbered Fund Balance Beginning of Year	3,168,017	3,168,017	3,168,017	
Prior Year Encumbrances Appropriated	146,702	146,702	146,702	
Unencumbered Fund Balance End of Year	$2,311,069	$2,311,069	$3,940,908	$1,629,839

See accompanying notes to the basic financial statements

This page intentionally left blank.

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. 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 Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Health District as a whole. These statements include the financial activities of the primary government, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

The Statement of Net Position 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.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. 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 2013. 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 2013.

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 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.

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 6 and 7, 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.

Note 2 - Summary of Significant Accounting Policies (continued)

M. Net Position

Net position is reported as restricted when there are limitations imposed either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position 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 is no net position 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. 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.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 - 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 $107,842 for the general fund.

Note 4 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Health District. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

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. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

Note 4 - Property Taxes (continued)

The full tax rate for all Health District operations for the year ended December 31, 2013, was $0.97 per $1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2013 property tax receipts were based are as follows:

Real Property	$4,460,862,080
Public Utility Property	99,869,580
Total Assessed Values	$4,560,731,660

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.

Note 5 - 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. York Risk Pooling Services, 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 American Public Entity Excess Pool (APEEP), which is also administered by YORK. 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, 2012, (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.

Note 5 - Risk Management (continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2012 and 2011 (the latest information available):

	2012	2011
Assets	$34,389,569	$33,362,404
Liabilities	(14,208,353)	(14,187,273)
Net Assets	$20,181,216	$19,175,131

At December 31, 2012 and 2011, respectively, the liabilities above include approximately $13.1 million and $13.0 million of estimated incurred claims payable. The assets above also include approximately $12.6 million and $12.1 million of unpaid claims to be billed to approximately 466 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Health District's share of these unpaid claims collectible in future years is approximately $31,000.

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

Contributions to PEP

2011	$32,280
2012	$35,910
2013	$34,528

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 (via certified mail) 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 6 - 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 visiting https://www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides 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, 2013, 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 2013, member and employer contribution rates were consistent across all three plans.

The District's 2013 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 1.0 percent during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent during calendar year 2013. 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, 2013, 2012, and 2011 were $425,876, $361,115, and $374,782, respectively. The full amount has been contributed for 2013, 2012, and 2011. Contributions to the member-directed plan are available upon request.

Note 7 – 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.

Note 7 – Post-employment Benefits (continued)

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to 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. .

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 health care coverage provided by OPERS meets the definition of an Other Post Employment benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan 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 visiting https://www.opers.org/investiments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The 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.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, 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 1.0% percent during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% percent during calendar year 2013.

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, 2013, 2012, and 2011 were $32,760, $144,446, and $149,913 respectively; 100 percent has been contributed for 2013, 2012 and 2011.

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 8 - Interfund Transfers

During 2013 the following net transfers were made:

	Transfers From		
Transfers To	General Fund	Other Governmental Funds	Total
Other Governmental Funds	$28,938		$28,938
General Fund		1,267	1,267
Total	$28,938	$1,267	$30,205

Transfers from the General Fund 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.

During 2013 all activities and services related to the Trailer Park Fund (Other Governmental Fund) were terminated. The unexpended fund balance from the Trailer Park Fund was transferred to the General Fund. Additionally, as of 2013 the District no longer received the Dental Safety Net Grant and the unexpended fund balance representing the remaining local funding portion accounted for in the Dental Safety Net Grant fund was transferred to the General Fund.

Note 9 – 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.

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
Restricted for			
Public Health Nursing		$24,773	$24,773
Environmental Health		404,879	404,879
WIC		56,571	56,571
Health Promotion		10,468	10,468
Total Restricted		496,691	496,691
Assigned to			
Public Health Nursing	$13,600		13,600
Public Health Dental	20,179		20,179
Environmental Health	6,906		6,906
Health Promotion	8,088		8,088
Capital Outlay	272,165		272,165
Administration	59,064		59,064
Retirement	299,203		299,203
Total Assigned	679,205		679,205
Unassigned:	3,369,545		3,369,545
Total Fund Balances	$4,048,750	$496,691	$4,545,441

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Ohio Department of Health			
Special Supplemental Nutrition Program for Women, Infants, and Children	05210011WA0613	10.557	$289,642
	05210011WA0714		79,766
Total Special Supplemental Nutrition Program for Women, Infants, and Children			369,408
Total U.S. Department of Agriculture			369,408
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Ohio Department of Health			
Maternal and Child Health Services Block Grant to the States	05210011MC0613	93.994	29,151
	05210011MC0714		49,769
Total Maternal and Child Health Services Block Grant to the States			78,920
Immunization Cooperative Agreements	05210012IM0613	93.268	36,487
Public Health Emergency Preparedness	05210012PH0413	93.069	86,078
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	05210012PH0514	93.074	62,453
Total U.S. Department of Health and Human Services			263,938
Total			**$633,346**

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, 2013

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.

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Medina County Combined General Health, Medina County, Ohio, (the District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 25, 2014, wherein we noted the District follows the cash accounting basis.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State
Columbus, Ohio

April 25, 2014

INDEPENDENT AUDITOR'S 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:

Report on Compliance for Each Major Federal Program

We have audited the Medina County Combined General Health District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Medina County General Health District's major federal programs for the year ended December 31, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Medina County Combined General Health District, Medina County, Ohio, complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Dave Yost
Auditor of State
Columbus, Ohio

April 25, 2014

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2013

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	➢ Public Health Emergency Preparedness, CFDA 93.069; ➢ Maternal and Child Health Services Block Grant to the States, CFDA 93.994
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $300,000 Type B: all others
(d)(1)(ix)	**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

This page intentionally left blank.

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
MAY 8, 2014

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov