



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

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 cash basis 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, 2015, 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, 2015, 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. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to Management's Discussion & Analysis, as listed in the table of contents. Accordingly, 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 May 11, 2016, 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

May 11, 2016

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

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, 2015, 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 2015 are as follows:

- Net position increased \$952,005 or 14.78% from 2014.
- Total 2015 cash receipts increased by \$137,897 or 2.20% over 2014. Program cash receipts for charges for services increased \$190,329 or 7.78% and operating grants and contributions increased \$84,456 or 13.01% compared to 2014.
- Total 2015 disbursements increased \$127,877 or 2.40% compared to 2014.
- Program specific receipts in the form of charges for services, operating grants and contributions comprise \$3,369,465 of the Health District's receipts, making up 52.63% of the Health District's receipts compared to 49.40% in 2014, an increase of 3.23%. General receipts in the form of property taxes, unrestricted grants, and other revenue make up the other 47.37%.
- Total 2015 Transfers from the General Fund to Other Governmental Funds were \$167,330 compared to \$4,506 in 2014.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

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 2015, 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

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 2015 compared to 2014 on a cash basis:

Net Position			
	Governmental Activities <u>2015</u>	2014	Change
Assets			
Equity in pooled cash and cash equivalents	<u>\$ 6,439,431</u>	<u>\$ 5,487,426</u>	<u>\$ 952,005</u>
Net Position			
Restricted for other purposes	\$ 728,638	\$ 466,379	\$ 262,259
Unrestricted	<u>\$5,710,793</u>	<u>5,021,047</u>	<u>689,746</u>
Total Net Position	<u>\$ 6,439,431</u>	<u>\$ 5,487,426</u>	<u>\$ 952,005</u>

Net position increased \$952,005 or 17.35% from 2014. The increase was primarily due to an increase in program receipts for services and operating grants and contributions.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)

Table 2 reflects the change in net position in 2015, and provides a comparison to 2014 amounts:

Table 2
Changes in Net Position

	Governmental Activities 2015	Governmental Activities 2014	Change 2014 to 2015
Cash Receipts:			
<u>Program Receipts</u>			
Charges for services and sales	\$ 2,635,959	\$ 2,445,630	\$ 190,329
Operating grants & contributions	733,506	649,050	84,456
Total Program Receipts	3,369,465	3,094,680	274,785
<u>General Receipts</u>			
Property taxes	2,535,580	2,554,290	(18,710)
Grants & entitlements	457,785	563,987	(106,202)
Miscellaneous	39,866	51,842	(11,976)
Total General Receipts	3,033,231	3,170,119	(136,888)
Total Cash Receipts	6,402,696	6,264,799	137,897
Cash Disbursements			
Public Health Nursing	1,606,015	1,636,892	(30,877)
Public Health Dental	773,896	742,530	31,366
Environmental Health	1,304,568	1,255,588	48,980
WIC	397,687	352,893	44,794
Health Promotion	383,393	362,382	21,011
Capital Outlay	10,934	72,621	(61,687)
Administration	974,198	899,908	74,290
Total Cash Disbursements	5,450,691	5,322,814	127,877
Excess of cash receipts over cash disbursements	952,005	941,985	10,020
Net Position, Beginning of the Year	5,487,426	4,545,441	941,985
Net Position, End of the Year	\$ 6,439,431	\$ 5,487,426	\$ 952,005

In 2015, program receipts accounted for 52.63% of the Health District's total receipts compared to 49.40% in 2014, an increase of 3.23%. 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. 47.37% of the Health District's total receipts were from general receipts compared to 50.60% in 2014. General receipts are those consisting mainly of property taxes levied for general health district purposes.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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 (29.46%), Dental (14.20%), Environmental Health (23.93%), WIC (7.30%), Health Promotion (7.03%), and Administration which includes Vital Statistics (17.87%), which account for the majority of all governmental disbursements. Capital Outlays account for the remaining 0.21% 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

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Governmental Activities				
Public Health Nursing	\$1,606,015	\$851,502	\$1,636,892	\$900,891
Public Health Dental	773,896	248,261	742,530	198,851
Environmental Health	1,304,568	87,132	1,255,588	129,543
WIC	397,687	(5,103)	352,893	8,741
Health Promotion	383,393	241,672	362,382	156,194
Capital Outlay	10,934	10,934	72,621	72,621
Administration	974,198	646,828	899,908	761,293
Total Governmental Activities	<u>\$5,450,691</u>	<u>\$2,081,226</u>	<u>\$5,322,814</u>	<u>\$2,228,134</u>

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 2015, 46.52% of the Health District costs were supported through property taxes compared to 47.99% in 2014, a decrease of 1.47%. 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 46.98% of their costs through grants and charges for services compared to 44.97% in 2014. The Dental Clinic covered 67.92% of their costs for services through fees compared to 73.22% in 2014. Environmental Health programs covered 93.32% of their costs through license, permit, and fee revenues compared to 89.69% in 2014. Health Promotion with emergency planning costs was 36.96% funded by local intergovernmental grants, donations and a federal grant compared to 56.90% in 2014. 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, 2015
(UNAUDITED)

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 2015, the Health District's governmental funds reported total ending fund balances of \$6,439,431. Of this amount, \$728,638 is Restricted, \$835,916 is Assigned, and \$4,874,877 is Unassigned.

The General Fund is the chief operating fund of the Health District. At the end of 2015, total fund balance in the General Fund was \$5,710,793. Of the \$5,710,793 fund balance, \$835,916 was categorized as Assigned, and \$4,874,877 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 121.21% of the total general fund disbursements,

2015 receipts exceeded disbursements in the general fund by \$949,576, compared to \$986,803 in 2014. Charges for services including licenses and permit fees account for approximately 37.48% of receipts in the general fund, from 34.89% in 2014. Intergovernmental receipts consisting of homestead and rollback receipts and payments from other local agencies for services rendered by the Health District amount to approximately 10.72% percent of general fund receipts, compared to 12.15% in 2014. Together, charges for services and intergovernmental receipts total approximately 48.20% percent of general fund receipts, compared to 47.03% in 2014.

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 2015, the WIC program received \$402,790 in grant revenue, compared to \$344,152 in 2014. The ending balance for 2015 was \$77,933, compared to \$47,830 in 2014.

Another non-major fund, the Public Health Emergency Preparedness (PHEP) special revenue fund 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 2015, the PHEP Grant funded a total of \$139,300 toward public health preparedness and planning activities, compared to \$149,081 in 2014. This represents a 6.56% decrease in funding over 2014.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015
(UNAUDITED)**

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 2015, 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, 330-662-0454.

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Medina County Combined General Health District

Medina County

Statement of Net Position - Cash Basis

December 31, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,439,431</u>
Net Position	
Restricted for:	
Other Purposes	\$728,638
Unrestricted	<u>5,710,793</u>
<i>Total Net Position</i>	<u>\$6,439,431</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, 2015*

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Public Health Nursing	\$1,606,015	\$640,276	\$114,237	(\$851,502)
Public Health Dental	773,896	525,635		(248,261)
Environmental Health	1,304,568	1,217,436		(87,132)
WIC	397,687		402,790	5,103
Health Promotion	383,393		141,721	(241,672)
Capital Outlay	10,934			(10,934)
Administration	974,198	252,612	74,758	(646,828)
<i>Total Governmental Activities</i>	<u>\$5,450,691</u>	<u>\$2,635,959</u>	<u>\$733,506</u>	<u>(2,081,226)</u>
General Receipts:				
Property Taxes Levied for:				
General Health District Purposes				2,535,580
Grants and Entitlements Not Restricted for Specific Purposes				457,785
Miscellaneous				<u>39,866</u>
<i>Total General Receipts</i>				<u>3,033,231</u>
Change in Net Position				952,005
<i>Net Position Beginning of Year</i>				<u>5,487,426</u>
<i>Net Position End of Year</i>				<u><u>\$6,439,431</u></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, 2015

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,710,793	\$728,638	\$6,439,431
Fund Balances			
Restricted		\$728,638	\$728,638
Assigned	\$835,916		835,916
Unassigned	4,874,877		4,874,877
<i>Total Fund Balances</i>	<u>\$5,710,793</u>	<u>\$728,638</u>	<u>\$6,439,431</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, 2015

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property Taxes	\$2,535,580		\$2,535,580
Intergovernmental	532,543	\$658,741	1,191,284
Charges for Services	1,863,532	758,037	2,621,569
Gifts and Contributions	7		7
Rent	29,667		29,667
Miscellaneous	10,199	14,390	24,589
<i>Total Receipts</i>	<u>4,971,528</u>	<u>1,431,168</u>	<u>6,402,696</u>
Disbursements			
Public Health Nursing	1,491,319	114,696	1,606,015
Public Health Dental	773,896		773,896
Environmental Health	540,236	764,332	1,304,568
WIC		397,687	397,687
Health Promotion	231,369	152,024	383,393
Capital Outlay	10,934		10,934
Administration	974,198		974,198
<i>Total Disbursements</i>	<u>4,021,952</u>	<u>1,428,739</u>	<u>5,450,691</u>
<i>Excess of Receipts Over Disbursements</i>	<u>949,576</u>	<u>2,429</u>	<u>952,005</u>
Other Financing Sources (Uses)			
Transfers In		167,330	167,330
Transfers Out	(167,330)		(167,330)
Advances In		92,500	92,500
Advances Out	(92,500)		(92,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(259,830)</u>	<u>259,830</u>	
<i>Net Change in Fund Balances</i>	689,746	262,259	952,005
<i>Fund Balances Beginning of Year</i>	<u>5,021,047</u>	<u>466,379</u>	<u>5,487,426</u>
<i>Fund Balances End of Year</i>	<u>\$5,710,793</u>	<u>\$728,638</u>	<u>\$6,439,431</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$2,656,994	\$2,656,994	\$2,535,580	(\$121,414)
Intergovernmental	558,043	558,043	532,543	(25,500)
Charges for Services	1,952,765	1,952,765	1,863,532	(89,233)
Gifts and Contributions	7	7	7	
Rent	31,088	31,088	29,667	(1,421)
Miscellaneous	10,687	10,687	10,199	(488)
<i>Total Receipts</i>	<u>5,209,584</u>	<u>5,209,584</u>	<u>4,971,528</u>	<u>(238,056)</u>
Disbursements				
Current:				
Public Health Nursing	1,866,587	1,866,587	1,526,332	340,255
Public Health Dental	1,018,378	1,018,378	805,471	212,907
Environmental Health	696,644	694,144	546,944	147,200
Health Promotion	317,045	327,545	234,597	92,948
Capital Outlay	164,000	164,000	12,391	151,609
Administration	1,370,916	1,399,737	1,033,903	365,834
<i>Total Disbursements</i>	<u>5,433,570</u>	<u>5,470,391</u>	<u>4,159,638</u>	<u>1,310,753</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(223,986)</u>	<u>(260,807)</u>	<u>811,890</u>	<u>1,072,697</u>
Other Financing Sources (Uses)				
Transfers Out	(167,330)	(167,330)	(167,330)	
Advances Out	(92,500)	(92,500)	(92,500)	
<i>Total Other Financing Sources (Uses)</i>	<u>(259,830)</u>	<u>(259,830)</u>	<u>(259,830)</u>	
<i>Net Change in Fund Balance</i>	<u>(483,816)</u>	<u>(520,637)</u>	<u>552,060</u>	<u>1,072,697</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	4,908,477	4,908,477	4,908,477	
Prior Year Encumbrances Appropriated	112,570	112,570	112,570	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$4,537,231</u>	<u>\$4,500,410</u>	<u>\$5,573,107</u>	<u>\$1,072,697</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, 2015**

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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 2015. 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 2015.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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 \$137,686 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 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note 4 - Property Taxes (continued)

The full tax rate for all Health District operations for the year ended December 31, 2015, was \$0.97 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

Real Property	\$4,386,030,600
Public Utility Property	<u>117,658,680</u>
Total Assessed Values	<u>\$4,503,689,280</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.

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. 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 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, 2014, (the latest information available) PEP retained \$350,000 for casualty claims and \$100,000 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

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, 2014 and 2013 (the latest information available):

	<u>2014</u>	<u>2013</u>
Assets	\$35,402,177	\$34,411,883
Liabilities	<u>(12,363,257)</u>	<u>(12,760,194)</u>
Net Assets	<u>\$23,038,920</u>	<u>\$21,651,689</u>

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$11.2 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.1 million of unpaid claims to be billed to approximately 488 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Health District's share of these unpaid claims collectible in future years is approximately \$21,000.

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

2013	\$34,528
2014	\$32,908
2015	\$32,962

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note 6 - Defined Benefit Pension Plans

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

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

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

Note 6 - Defined Benefit Pension Plans (continued)

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

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's required contribution was \$399,601 for year 2015.

Note 7 – Post-employment Benefits

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored 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 ten 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 No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 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, 2015
(CONTINUED)

Note 7 – Post-employment Benefits (continued)

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, State and Local employers contributed at a rate of 14.00 percent of earnable salary and Public Safety and Law Enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined Plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.00 percent during calendar year 2015. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.00 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA participants in the Member-Directed Plan for 2015 was 4.50 percent.

The District's actual employer contributions for December 31, 2015, 2014 and 2013 which were used to fund post-employment benefits were \$66,600, \$65,825, and \$32,760 respectively; 100 percent has been contributed for 2015, 2014 and 2013.

Note 8 - Interfund Transfers

During 2015 the following net transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	<u>\$167,330</u>

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(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
Restricted for			
Public Health Nursing		\$20,452	\$20,452
Environmental Health		579,390	579,390
WIC		77,933	77,933
Health Promotion		46,350	46,350
Safe Communities		4,513	4,513
<i>Total Restricted</i>		<u>728,638</u>	<u>728,638</u>
Assigned to			
Public Health Nursing	\$35,013		35,013
Public Health Dental	31,575		31,575
Environmental Health	6,708		6,708
Health Promotion	3,228		3,228
Capital Outlay	258,610		258,610
Administration	59,705		59,705
Retirement	441,077		441,077
<i>Total Assigned</i>	<u>835,916</u>		<u>835,916</u>
Unassigned:	4,874,877		4,874,877
<i>Total Fund Balances</i>	<u>\$5,710,793</u>	<u>\$728,638</u>	<u>\$6,439,431</u>



Dave Yost • Auditor of State

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

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 District, Medina County, Ohio, (the District) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 11, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

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.

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

Dave Yost
Auditor of State
Columbus, Ohio

May 11, 2016



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
JUNE 7, 2016**