



Dave Yost • Auditor of State

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY
DECEMBER 31, 2017**

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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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective 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, 2017, 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

Our audit was conducted to opine on the financial statements taken as a whole.

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 November 16, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


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Dave Yost
Auditor of State
Columbus, Ohio

November 16, 2018

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(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, 2017, 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 2017 are as follows:

- Net position decreased \$442,762 or 6.49% from 2016.
- Total 2017 cash receipts increased by \$484,514 or 7.63% over 2016. Program cash receipts for charges for services increased \$271,733 or 10.80% and operating grants and contributions increased \$86,858 or 11.82% compared to 2016.
- Total 2017 disbursements increased \$1,313,465 or 22.03% compared to 2016.
- Program specific receipts in the form of charges for services, operating grants and contributions comprise \$3,608,952 of the Health District's receipts, making up 52.82% of the Health District's receipts compared to 51.2% in 2016, an increase of 1.62%. General receipts in the form of property taxes, unrestricted grants, and other revenue make up the other 47.18%.

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, 2017
(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 2017, 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, 2017
(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 2017 compared to 2016 on a cash basis:

Table 1
Net Position

	Governmental Activities <u>2017</u>	<u>2016</u>	Change
Assets			
Equity in pooled cash and cash equivalents	\$ 6,382,858	\$ 6,825,620	\$ (442,762)
Net Position			
Restricted for other purposes	\$ 1,007,897	\$ 807,327	\$ 200,570
Unrestricted	5,374,961	6,018,293	(643,332)
Total Net Position	<u>\$ 6,382,858</u>	<u>\$ 6,825,620</u>	<u>\$ (442,762)</u>

Net position decreased \$442,762 or 6.49% from 2016. The decrease was primarily due to Cash Disbursements exceeding Cash Receipts by 22.03% mostly from significant capital outlay.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)

Table 2 reflects the change in net position in 2017, and provides a comparison to 2016 amounts:

	Governmental Activities 2017	Governmental Activities 2016	Change 2017 to 2016
Cash Receipts:			
<u>Program cash receipts</u>			
Charges for services and sales	\$ 2,787,066	\$ 2,515,333	\$ 271,733
Operating grants & contributions	821,886	735,028	86,858
Total Program Cash Receipts	3,608,952	3,250,361	358,591
<u>General cash receipts</u>			
Property & other local taxes	2,657,850	2,593,678	64,172
Grants & entitlements	517,805	467,847	49,958
Miscellaneous	47,942	36,149	11,793
Total General Cash Receipts	3,223,597	3,097,674	125,923
Total Cash Receipts	6,832,549	6,348,035	484,514
Cash Disbursements			
Public Health Nursing	1,052,529	1,323,315	(270,786)
Health Center	2,098,176	1,302,356	795,820
Environmental Health	1,408,858	1,385,110	23,748
WIC	401,308	428,293	(26,985)
Community Health	578,572	424,374	154,198
Capital Outlay	314,134	55,310	258,824
Administrative Services	1,421,734	1,043,088	378,646
Total Cash Disbursements	7,275,311	5,961,846	1,313,465
Excess of cash receipts over (under) cash disbursements	(442,762)	386,189	(828,951)
Net Position, Beginning of the Year	6,825,620	6,439,431	386,189
Net Position, End of the Year	\$ 6,382,858	\$ 6,825,620	\$ (442,762)

In 2017, program receipts accounted for 52.82% of the Health District's total receipts compared to 51.2% in 2016, an increase of 1.62%. 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 medical primary care services, and state and federal operating grants and donations. 47.18% of the Health District's total receipts were from general receipts compared to 48.80% in 2016. 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, 2017
(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 the Health Center which includes medical primary care and dental services (28.84%), Administrative Services which includes Vital Statistics (19.54%), Environmental Health (19.36%), Public Health Nursing (14.47%), Community Health (7.95%), WIC (5.52%), which account for the majority of all governmental disbursements. Capital Outlays account for the remaining 4.32% 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 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Governmental Activities				
Public Health Nursing	\$1,052,529	\$298,836	\$1,323,315	\$602,234
Health Center	2,098,176	1,514,196	1,302,356	759,312
Environmental Health	1,408,858	52,777	1,385,110	75,559
WIC	401,308	10,355	428,293	57,213
Community Health	578,572	417,701	424,374	283,134
Capital Outlay	314,134	314,134	55,310	55,310
Administrative Services	1,421,734	1,058,360	1,043,088	878,723
Total Governmental Activities	<u>\$7,275,311</u>	<u>\$3,666,359</u>	<u>\$5,961,846</u>	<u>\$2,711,485</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 2017, 50.39% of the Health District costs were supported through property taxes compared to 43.49% in 2016, a decrease of 6.9%. 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.

Public Health Nursing covered 71.61% of their costs through grants and charges for services compared to 54.49% in 2016. The Health Center covered 27.83% of their costs for services through fees compared to 41.70% in 2016. Environmental Health covered 96.25% of their costs through license, permit, and fee revenues compared to 94.54% in 2016. Community Health with emergency planning costs was 27.80% funded by local intergovernmental grants, donations and a federal grant compared to 33.28% in 2016. 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, 2017
(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 2017, the Health District's governmental funds reported total ending fund balance of \$6,382,858. Of this amount, \$1,007,897 is Restricted, \$1,400,468 is Committed, \$2,067,307 is Assigned, and \$1,907,186 is Unassigned.

The General Fund is the chief operating fund of the Health District. At the end of 2017, total fund balance in the General Fund was \$5,374,961. Of the \$5,374,961 fund balance, \$1,400,468 is categorized as Committed for retirements, administrative services, and capital improvements, \$2,067,307 is categorized as Assigned, and \$1,907,186 is categorized as 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 32.37% of the total general fund disbursements.

2017 disbursements exceeded receipts in the general fund by \$648,076, compared to receipts exceeding disbursements in the general fund by \$385,500 in 2016. Charges for services including licenses and permit fees account for approximately 36.04% of receipts in the general fund, from 34.36% in 2016. Intergovernmental receipts consisting of homestead and rollback receipts and payments from other local agencies for services rendered by the Health District amount to approximately 11.89% percent of general fund receipts, compared to 11.66% in 2016. Together, charges for services and intergovernmental receipts total approximately 47.93% percent of general fund receipts, compared to 46.02% in 2016.

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 2017, the WIC program received \$390,953 in grant revenue, compared to \$371,080 in 2016. The ending balance for 2017 was \$40,365 compared to \$20,720 in 2016.

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 2017, the PHEP Grant funded a total of \$125,677 toward public health preparedness and planning activities, compared to \$108,158 in 2016. This represents a 16.2% increase in funding over 2016.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017
(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 2017, 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 Administrative Services, 330-662-0454.

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Medina County Combined General Health District
Medina County
Statement of Net Position - Cash Basis
December 31, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,382,858</u>
Net Position	
Restricted for:	
Other Purposes	\$1,007,897
Unrestricted	<u>5,374,961</u>
<i>Total Net Position</i>	<u><u>\$6,382,858</u></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, 2017

	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	\$1,052,529	\$639,183	\$114,510	(\$298,836)
Health Center	2,098,176	528,845	55,135	(1,514,196)
Environmental Health	1,408,858	1,356,081		(52,777)
WIC	401,308		390,953	(10,355)
Community Health	578,572		160,871	(417,701)
Capital Outlay	314,134			(314,134)
Administrative Services	1,421,734	262,957	100,417	(1,058,360)
<i>Total Governmental Activities</i>	<u>\$7,275,311</u>	<u>\$2,787,066</u>	<u>\$821,886</u>	<u>(3,666,359)</u>
General Receipts:				
Property Taxes Levied for:				
General Health District Purposes				2,657,850
Grants and Entitlements Not Restricted for Specific Purposes				517,805
Miscellaneous				47,942
<i>Total General Receipts</i>				<u>3,223,597</u>
Change in Net Position				(442,762)
<i>Net Position Beginning of Year</i>				<u>6,825,620</u>
<i>Net Position End of Year</i>				<u>\$6,382,858</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, 2017

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$5,374,961	\$1,007,897	\$6,382,858
Fund Balances			
Restricted		\$1,007,897	\$1,007,897
Committed	\$1,400,468		1,400,468
Assigned	2,067,307		2,067,307
Unassigned	1,907,186		1,907,186
<i>Total Fund Balances</i>	<u>\$5,374,961</u>	<u>\$1,007,897</u>	<u>\$6,382,858</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, 2017

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$2,657,850		\$2,657,850
Intergovernmental	618,222	\$719,768	1,337,990
Charges for Services	1,873,877	877,797	2,751,674
Gifts and Contributions	1,701		1,701
Rent	32,620		32,620
Miscellaneous	15,322	35,392	50,714
<i>Total Receipts</i>	<u>5,199,592</u>	<u>1,632,957</u>	<u>6,832,549</u>
Disbursements			
Public Health Nursing	947,387	105,142	1,052,529
Health Center	2,065,607	32,569	2,098,176
Environmental Health	637,008	771,850	1,408,858
WIC		401,308	401,308
Community Health	461,798	116,774	578,572
Capital Outlay	314,134		314,134
Administrative Services	1,421,734		1,421,734
<i>Total Disbursements</i>	<u>5,847,668</u>	<u>1,427,643</u>	<u>7,275,311</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(648,076)</u>	<u>205,314</u>	<u>(442,762)</u>
Other Financing Sources (Uses)			
Advances In	48,744	44,000	92,744
Advances Out	(44,000)	(48,744)	(92,744)
<i>Total Other Financing Sources (Uses)</i>	<u>4,744</u>	<u>(4,744)</u>	
<i>Net Change in Fund Balances</i>	(643,332)	200,570	(442,762)
<i>Fund Balances Beginning of Year</i>	<u>6,018,293</u>	<u>807,327</u>	<u>6,825,620</u>
<i>Fund Balances End of Year</i>	<u>\$5,374,961</u>	<u>\$1,007,897</u>	<u>\$6,382,858</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, 2017

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$2,861,122	\$2,861,122	\$2,657,850	(\$203,272)
Intergovernmental	665,504	665,504	618,222	(47,282)
Charges for Services	2,017,191	2,017,191	1,873,877	(143,314)
Gifts and Contributions	1,831	1,831	1,701	(130)
Rent	35,115	35,115	32,620	(2,495)
Miscellaneous	16,494	16,494	15,322	(1,172)
<i>Total Receipts</i>	<u>5,597,257</u>	<u>5,597,257</u>	<u>5,199,592</u>	<u>(397,665)</u>
Disbursements				
Current:				
Public Health Nursing	1,144,406	1,064,406	959,963	104,443
Health Center	2,941,920	2,941,920	2,129,736	812,184
Environmental Health	980,862	913,088	649,207	263,881
Health Promotion	471,265	561,265	470,431	90,834
Capital Outlay	722,594	722,594	522,829	199,765
Administration	1,958,136	2,082,660	1,512,644	570,016
<i>Total Disbursements</i>	<u>8,219,183</u>	<u>8,285,933</u>	<u>6,244,810</u>	<u>2,041,123</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,621,926)</u>	<u>(2,688,676)</u>	<u>(1,045,218)</u>	<u>1,643,458</u>
Other Financing Sources (Uses)				
Transfers Out	(106,000)	(50,000)		50,000
Advances In	48,744	48,744	48,744	
Advances Out	(44,000)	(44,000)	(44,000)	
<i>Total Other Financing Sources (Uses)</i>	<u>(101,256)</u>	<u>(45,256)</u>	<u>4,744</u>	<u>50,000</u>
<i>Net Change in Fund Balance</i>	<u>(2,723,182)</u>	<u>(2,733,932)</u>	<u>(1,040,474)</u>	<u>1,693,458</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	5,821,460	5,821,460	5,821,460	
Prior Year Encumbrances Appropriated	196,833	196,833	196,833	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$3,295,111</u>	<u>\$3,284,361</u>	<u>\$4,977,819</u>	<u>\$1,693,458</u>

See accompanying notes to the basic financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, reproductive health consultation, primary medical care including limited laboratory testing, preventative and restorative dental care, women-infant-children nutritional education, the issuance of health-related licenses and permits, health education, and public health emergency response planning.

The Health District's management believes these financial statements present all activities for which the Health District is financially accountable.

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, 2017
(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 to which the Health District is bound to observe constraints imposed up the use of resources.

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 2017. 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 2017.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(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 deferred outflows and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and deferred in flows and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Health may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the fund, personal services and other, 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, 2017
(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 another 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, 2017
(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, 2017
(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 \$397,142 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 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

Note 4 - Property Taxes (continued)

The full tax rate for all Health District operations for the year ended December 31, 2017, was \$0.97 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$4,828,780,710
Public Utility Property	<u>154,121,340</u>
Total Assessed Values	<u>\$4,982,902,050</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, 2017, 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.

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017:

	<u>2017</u>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

Note 5 - Risk Management (continued)

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 of unpaid claims to be billed to approximately 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Health District's share of these unpaid claims collectible in future years is approximately \$48,850.

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

2017	\$32,521
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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 – 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

Note 6 - Defined Benefit Pension Plans (continued)

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 w ith 60 months of service credit or Age 55 w ith 25 years of service credit	Age and Service Requirements: Age 60 w ith 60 months of service credit or Age 55 w ith 25 years of service credit	Age and Service Requirements: Age 57 w ith 25 years of service credit or Age 62 w ith 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.

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

	<u>State and Local</u>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	<u>1.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's required contribution was \$479,338 for year 2017.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

Note 6 - Defined Benefit Pension Plans (continued)

Social Security

Seven District employees (Board members) contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

These seven employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

Note 7 – Post-employment Benefits

Ohio Public Employees Retirement System

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.

During 2016, OPERS transitioned to maintaining one health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to initially provide a funding mechanism for a health reimbursement arrangement (HRA). In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate health care assets into the 115 Trust. The 401(h) Health Care Trust (401(h) Trust), was a pre-funded trust that provided health care funding for eligible members of the Traditional Pension Plan and the Combined Plan through December 31, 2015, when plans funded through the 401(h) Trust were terminated. The Voluntary Employees' Beneficiary Association Trust (VEBA Trust) accumulated funding for retiree medical accounts (RMA) for participants of the Member-Directed Plan through June 30, 2016. The 401(h) Trust and the VEBA Trust were closed as of June 30, 2016 and the net positions transferred to the 115 Trust on July 1, 2016. Beginning in 2016, the 115 Trust is the funding vehicle for all health care plans.

Beginning 2016, Traditional Pension Plan and Combined Plan retirees enrolled in Medicare A and B were eligible to participate in the OPERS Medicare Connector (Connector). The Connector, a vendor selected by OPERS, assists eligible retirees in the selection and purchase of Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may receive a monthly allowance in an HRA that can be used to reimburse eligible health care expenses, beginning with January 2016 premiums.

The health care plans funded through the 115 Trust are reported as other postemployment benefit plans (OPEB) based on the criteria established by the Governmental Accounting Standards Board (GASB). Periodically, OPERS modifies the health care program design to improve the ongoing solvency of the plans. Eligibility requirements for access to the OPERS health care options has changed over the history of the program for Traditional Pension Plan and Combined Plan members. Prior to January 1, 2015, ten or more years of service were required to qualify for health care coverage. Beginning January 1, 2015, generally, members must be at least age 60 with 20 years of qualifying service credit to qualify for health care coverage or 30 years of qualifying service at any age. Upon termination or retirement, Member-Directed Plan participants can use vested RMA funds for reimbursement of qualified medical expenses. Members who elect the Member-Directed Plan after July 1, 2015, will vest over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest over a five-year period at a rate of 20 percent per year.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

Note 7 – Post-employment Benefits (continued)

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 2016 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.

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 2016, 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.

Effective July 1, 2016, OPERS transitioned to one health care trust to provide health care funding to eligible retirees of the Traditional Pension, Combined and Member-Directed Plans. The 401(h) and VEBA Trust funds were terminated and consolidated into the 115 Trust. 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 was 1.00 percent during calendar year 2017. 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.

All of the District's contribution allocated to fund postemployment health care benefits relates to the 115 Trust. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$36,872, \$67,559, and \$66,600, respectively. The full amount has been contributed for all three years.

Note 8 - Interfund Activity

Advances

During 2017 the following cash advances were made:

Advances from the General Fund to:

Other Governmental Funds	<u>\$44,000</u>
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**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

Note 8 - Interfund Activity (continued)

Repayment of outstanding Advances from Other Governmental Funds to:

General Fund	<u>\$48,744</u>
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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		\$16,118	\$16,118
Health Center		17,816	17,816
Environmental Health		846,047	846,047
WIC		40,365	40,365
Community Health		87,551	87,551
<i>Total Restricted</i>	0	1,007,897	1,007,897
Committed to			
Administrative Services	\$36,215		36,215
Retirement	725,087		725,087
Capital Outlay	639,166		639,166
<i>Total Committed</i>	1,400,468	0	1,400,468
Assigned to			
Public Health Nursing	12,576		12,576
Health Center	64,129		64,129
Environmental Health	12,199		12,199
Community Health	8,633		8,633
Administrative Services	90,910		90,910
Subsequent Year Appropriations	1,878,860		1,878,860
<i>Total Assigned</i>	2,067,307	0	2,067,307
Unassigned (deficits):	1,907,186		1,907,186
<i>Total Fund Balances</i>	\$5,374,961	\$1,007,897	\$6,382,858

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(CONTINUED)

Note 11 – Leases

The Health District leases equipment under noncancelable leases. The Health District disbursed \$10,557 to pay lease costs for the year ended December 31, 2017. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$6,976
2019	6,976
2020	6,976
2021	4,672
Total	<u><u>\$25,600</u></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 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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 16, 2018, 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 report is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

November 16, 2018



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
DECEMBER 4, 2018**