



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 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, 2014, 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, each major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio, as of December 31, 2014, 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***

*Supplemental and Other Information*

We audited to opine on the District's financial statements that collectively comprise its basic financial statements. The Federal Awards Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We applied no procedures to the Management's Discussion & Analysis presented on pages 5-11 of the report, and 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 August 7, 2015, 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.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 7, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

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The discussion and analysis of the Medina County Combined General Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2014, 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 2014 are as follows:

- Net position increased \$941,985 or 20.72% from 2013.
- Total 2014 receipts increased by \$19,537 or 0.31% over 2013. Receipts from grants and entitlements increased by \$106,477 or 23.27% compared to 2013.
- Total 2014 disbursements declined \$211,613 or 3.82% compared to 2013.
- Program specific receipts in the form of charges for services, operating grants and contributions comprise \$3,094,680 of the Health District's receipts, making up 49.40% of the Health District's receipts compared to 51.29% in 2013, a decrease of 1.89%. General receipts in the form of property taxes, unrestricted grants, and other revenue make up the other 50.60%. Overall cash receipts increased \$19,537 or 0.31% from 2013.
- Total 2014 Capital expenditures of \$72,621 increased by \$14,741 or 25.47% over 2013.

**Using the Basic Financial Statements**

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

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)

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**Basis of Accounting**

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

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

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

The Statement of Net Position and the Statement of Activities reflect how the Health District did financially during 2014, 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, 2014  
(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 2014 compared to 2013 on a cash basis:

Net Position			
	Governmental Activities <u>2014</u>	2013	Change
<b>Assets</b>			
Equity in pooled cash and cash equivalents	<u>\$ 5,487,426</u>	<u>\$ 4,545,441</u>	<u>\$ 941,985</u>
<b>Net Position</b>			
Restricted for other purposes	\$ 466,379	\$ 496,691	\$ (30,312)
Unrestricted	<u>\$5,021,047</u>	<u>4,048,750</u>	<u>972,297</u>
Total Net Position	<u>\$ 5,487,426</u>	<u>\$ 4,545,441</u>	<u>\$ 941,985</u>

Net position increased \$941,985 or 20.72% from 2013. The increase was primarily due to an increase in program receipts for services, operating grants & contributions combined with a decrease in total cash disbursements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)

Table 2 reflects the change in net position in 2014, and provides a comparison to 2013 amounts:

**Table 2**  
Changes in Net Position

	Governmental Activities 2014	Governmental Activities 2013	Change 2013 to 2014
<b>Cash Receipts:</b>			
<u>Program cash receipts</u>			
Charges for services and sales	\$ 2,445,630	\$ 2,567,821	\$ (122,191)
Operating grants & contributions	649,050	635,641	13,409
<b>Total Program Cash Receipts</b>	<b>3,094,680</b>	<b>3,203,462</b>	<b>(108,782)</b>
<u>General cash receipts</u>			
Property & other local taxes	2,554,290	2,503,183	51,107
Grants & entitlements	563,987	457,510	106,477
Miscellaneous	51,842	81,107	(29,265)
<b>Total General Cash Receipts</b>	<b>3,170,119</b>	<b>3,041,800</b>	<b>128,319</b>
<b>Total Cash Receipts</b>	<b>6,264,799</b>	<b>6,245,262</b>	<b>19,537</b>
<b>Cash Disbursements</b>			
Public Health Nursing	1,636,892	1,638,800	(1,908)
Public Health Dental	742,530	875,704	(133,174)
Environmental Health	1,255,588	1,338,255	(82,667)
WIC	352,893	369,408	(16,515)
Health Promotion	362,382	347,292	15,090
Capital Outlay	72,621	57,880	14,741
Administration	899,908	907,088	(7,180)
<b>Total Cash Disbursements</b>	<b>5,322,814</b>	<b>5,534,427</b>	<b>(211,613)</b>
<b>Excess of cash receipts over (under) cash disbursements</b>	<b>941,985</b>	<b>710,835</b>	<b>231,150</b>
<b>Net Position, Beginning of the Year</b>	<b>4,545,441</b>	<b>3,834,606</b>	<b>710,835</b>
<b>Net Position, End of the Year</b>	<b>\$ 5,487,426</b>	<b>\$ 4,545,441</b>	<b>\$ 941,985</b>

In 2014, program receipts accounted for 49.40% of the Health District's total receipts compared to 51.29% in 2013, a reduction of 1.89%. 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. 50.60% of the Health District's total receipts were from general receipts compared to 48.71% in 2013. 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, 2014  
(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 (30.75%), Dental (13.95%), Environmental Health (23.59%), WIC (6.63%), Health Promotion (6.81%), and Administration which includes Vital Statistics (16.91%), which account for the majority of all governmental disbursements. Capital Outlays account for the remaining 1.36% 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.

	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>
Governmental Activities				
Public Health Nursing	\$1,636,892	\$900,891	\$1,638,800	\$857,883
Public Health Dental	742,530	198,851	875,704	347,031
Environmental Health	1,255,588	129,543	1,338,255	227,447
WIC	352,893	8,741	369,408	2,355
Health Promotion	362,382	156,194	347,292	188,611
Capital Outlay	72,621	72,621	57,880	57,880
Administration	899,908	761,293	907,088	649,758
Total Governmental Activities	<u>\$5,322,814</u>	<u>\$2,228,134</u>	<u>\$5,534,427</u>	<u>\$2,330,965</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 2014, 47.99% of the Health District costs were supported through property taxes compared to 45.23% in 2013, an increase of 2.76%. 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 44.97% of their costs through grants and charges for services compared to 47.66% in 2013. Environmental Health programs covered 89.69% of their costs through license, permit, and fee revenues compared to 83.00% in 2013. The Dental Clinic covered 73.22% of their costs for services through fees compared to 60.37% in 2013. Health Promotion with emergency planning costs was 56.90% funded by local intergovernmental grants, donations and a federal grant compared to 45.69% in 2013. 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, 2014  
(UNAUDITED)

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**The Health District's Funds**

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

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

At the end of 2014, the Health District's governmental funds reported total ending fund balances of \$5,487,426. Of this amount, \$466,379 is Restricted, \$704,535 is Assigned, and \$4,316,512 is Unassigned.

The General Fund is the chief operating fund of the Health District. At the end of 2014, total fund balance in the General Fund was \$5,021,047. Of the \$5,021,047 fund balance, \$704,535 was categorized as Assigned, and \$4,316,512 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 108% of the total general fund disbursements.

2014 receipts exceeded disbursements in the general fund by \$986,803, compared to \$762,502 in 2013. Charges for services including licenses and permit fees account for approximately 34.89% of receipts in the general fund, from 37.42 in 2013. Intergovernmental receipts consisting of homestead and rollback receipts and payments from other local agencies for services rendered by the Health District amount to approximately 12.15% percent of general fund receipts, compared to 9.88% in 2013. Together, charges for services and intergovernmental receipts total approximately 47.03% percent of general fund receipts, compared to 47.30% in 2013.

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 2014, the WIC program received \$344,152 in grant revenue, compared to \$367,053 in 2013. The ending balance for 2014 was \$47,830, compared to \$56,571 in 2013.

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 2014, the PHEP Grant funded a total of \$149,081 toward public health preparedness and planning activities, compared to \$130,808 in 2013. This represents a 13.96% increase in funding over 2013.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(UNAUDITED)**

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**General Fund Budgeting Highlights**

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

During the course of 2014, the Health District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts and appropriations.

**Debt Administration**

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

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

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

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**Medina County Combined General Health District**

**Medina County**

*Statement of Net Position - Cash Basis*

*December 31, 2014*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,487,426</u>
<b>Net Position</b>	
Restricted for:	
Other Purposes	466,379
Unrestricted	<u>5,021,047</u>
<i>Total Net Position</i>	<u>\$5,487,426</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, 2014*

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Public Health Nursing	\$1,636,892	\$633,537	\$102,464	(\$900,891)
Public Health Dental	742,530	537,433	6,246	(198,851)
Environmental Health	1,255,588	1,126,045		(129,543)
WIC	352,893		344,152	(8,741)
Health Promotion	362,382	10,000	196,188	(156,194)
Capital Outlay	72,621			(72,621)
Administration	899,908	138,615		(761,293)
<i>Total Governmental Activities</i>	<u>\$5,322,814</u>	<u>\$2,445,630</u>	<u>\$649,050</u>	<u>(2,228,134)</u>
General Receipts:				
Property Taxes Levied for:				
General Health District Purposes				2,554,290
Grants and Entitlements Not Restricted for Specific Purposes				563,987
Miscellaneous				<u>51,842</u>
<i>Total General Receipts</i>				<u>3,170,119</u>
Change in Net Position				941,985
<i>Net Position Beginning of Year</i>				<u>4,545,441</u>
<i>Net Position End of Year</i>				<u>\$5,487,426</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, 2014*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$5,021,047	\$466,379	\$5,487,426
<b>Fund Balances</b>			
Restricted		466,379	466,379
Assigned	704,535		704,535
Unassigned	4,316,512		4,316,512
<i>Total Fund Balances</i>	<u>\$5,021,047</u>	<u>\$466,379</u>	<u>\$5,487,426</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, 2014*

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property Taxes	\$2,554,290		\$2,554,290
Intergovernmental	601,059	\$595,697	1,196,756
Charges for Services	1,727,116	703,209	2,430,325
Gifts and Contributions	16,281		16,281
Rent	48,058		48,058
Miscellaneous	3,784	15,305	19,089
<i>Total Receipts</i>	<u>4,950,588</u>	<u>1,314,211</u>	<u>6,264,799</u>
<b>Disbursements</b>			
Public Health Nursing	1,513,723	123,169	1,636,892
Public Health Dental	742,530		742,530
Environmental Health	533,497	722,091	1,255,588
WIC		352,893	352,893
Health Promotion	201,506	160,876	362,382
Capital Outlay	72,621		72,621
Administration	899,908		899,908
<i>Total Disbursements</i>	<u>3,963,785</u>	<u>1,359,029</u>	<u>5,322,814</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>986,803</u>	<u>(44,818)</u>	<u>941,985</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In		4,506	4,506
Transfers Out	(4,506)		(4,506)
Advances In		10,000	10,000
Advances Out	(10,000)		(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(14,506)</u>	<u>14,506</u>	
<i>Net Change in Fund Balances</i>	972,297	(30,312)	941,985
<i>Fund Balances Beginning of Year</i>	<u>4,048,750</u>	<u>496,691</u>	<u>4,545,441</u>
<i>Fund Balances End of Year</i>	<u>\$5,021,047</u>	<u>\$466,379</u>	<u>\$5,487,426</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, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$2,580,676	\$2,580,676	\$2,554,290	(\$26,386)
Intergovernmental	607,268	607,268	601,059	(6,209)
Charges for Services	1,744,957	1,744,957	1,727,116	(17,841)
Gifts and Contributions	16,449	16,449	16,281	(168)
Rent	48,554	48,554	48,058	(496)
Miscellaneous	3,823	3,823	3,784	(39)
<i>Total Receipts</i>	<u>5,001,727</u>	<u>5,001,727</u>	<u>4,950,588</u>	<u>(51,139)</u>
<b>Disbursements</b>				
Current:				
Public Health Nursing	2,062,729	2,062,729	1,536,954	525,775
Public Health Dental	954,398	954,398	750,482	203,916
Environmental Health	675,144	675,144	539,850	135,294
Health Promotion	253,541	253,541	204,812	48,729
Capital Outlay	120,000	120,000	87,621	32,379
Administration	1,310,322	1,310,322	956,636	353,686
<i>Total Disbursements</i>	<u>5,376,134</u>	<u>5,376,134</u>	<u>4,076,355</u>	<u>1,299,779</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(374,407)</u>	<u>(374,407)</u>	<u>874,233</u>	<u>1,248,640</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(45,000)	(45,000)	(4,506)	40,494
Advances Out	(10,000)	(10,000)	(10,000)	
<i>Total Other Financing Sources (Uses)</i>	<u>(55,000)</u>	<u>(55,000)</u>	<u>(14,506)</u>	<u>40,494</u>
<i>Net Change in Fund Balance</i>	<u>(429,407)</u>	<u>(429,407)</u>	<u>859,727</u>	<u>1,289,134</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	3,940,908	3,940,908	3,940,908	
Prior Year Encumbrances Appropriated	107,842	107,842	107,842	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$3,619,343</u>	<u>\$3,619,343</u>	<u>\$4,908,477</u>	<u>\$1,289,134</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, 2014

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**Note 1 – Reporting Entity**

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

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

**A. Primary Government**

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

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. 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, 2014  
(CONTINUED)

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**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 2014. 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 2014.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

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

**C. Basis of Accounting**

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

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

**D. Budgetary Process**

All funds 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, 2014  
(CONTINUED)

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

**E. Cash and Investments**

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

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

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

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 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, 2014  
(CONTINUED)

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**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, 2014  
(CONTINUED)

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

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

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis) The encumbrances outstanding at year end (budgetary basis) amounted to \$107,842 for the general fund.

**Note 4 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Health District. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

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. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

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**Note 4 - Property Taxes (continued)**

The full tax rate for all Health District operations for the year ended December 31, 2014, was \$0.97 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2014 property tax receipts were based are as follows:

Real Property	\$4,321,538,060
Public Utility Property	<u>105,701,610</u>
Total Assessed Values	<u>\$4,427,239,670</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, 2014  
(CONTINUED)

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**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**

2012	\$35,910
2013	\$34,528
2014	\$32,908

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, 2014  
(CONTINUED)

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**Note 6 - Defined Benefit Pension Plans**

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

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2014, member and employer contribution rates were consistent across all three plans.

The District's 2014 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of the County's contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Employer contribution rates are actuarially determined.

The Health District's required contributions for pension obligations to OPERS for the employee's traditional, combined, or self-directed plans for the years ended December 31, 2014, 2013, and 2012 were \$394,948, \$425,876, and \$361,115 respectively. The full amount has been contributed for 2014, 2013, and 2012. Contributions to the member-directed plan are available upon request.

**Note 7 – Post-employment Benefits**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

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**Note 7 – Post-employment Benefits (continued)**

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014.

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

The Health District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2014, 2013, and 2012 were \$65,825, \$32,760, and \$144,446, respectively; 100 percent has been contributed for 2014, 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)

**Note 8 - Interfund Transfers**

During 2014 the following net transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	<u>\$4,506</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.

**Note 10 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Other Governmental Funds	Total
<b>Restricted for</b>			
Public Health Nursing		\$9,818	\$9,818
Environmental Health		405,058	405,058
WIC		47,830	47,830
Health Promotion		3,673	3,673
<i>Total Restricted</i>		<u>466,379</u>	<u>466,379</u>
<b>Assigned to</b>			
Public Health Nursing	\$23,231		23,231
Public Health Dental	7,952		7,952
Environmental Health	6,353		6,353
Health Promotion	3,306		3,306
Capital Outlay	234,544		234,544
Administration	56,728		56,728
Retirement	372,421		372,421
<i>Total Assigned</i>	<u>704,535</u>		<u>704,535</u>
Unassigned:	<u>4,316,512</u>		<u>4,316,512</u>
<i>Total Fund Balances</i>	<u>\$5,021,047</u>	<u>\$466,379</u>	<u>\$5,487,426</u>

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	05210011WA0714 05210011WA0815	10.557	\$273,168 <u>79,725</u>
Total Special Supplemental Nutrition Program for Women, Infants, and Children			<u>352,893</u>
Total U.S. Department of Agriculture			352,893
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed through Ohio Department of Health</i>			
Maternal and Child Health Services Block Grant to the States	05210011MC0714 05210011MC0815	93.994	20,632 <u>43,980</u>
Total Maternal and Child Health Services Block Grant to the States			<u>64,612</u>
Immunization Cooperative Agreements	05210012IM0714	93.268	39,206
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	05210012PH0514 05210012PH0615	93.074	87,857 <u>73,020</u>
Total Hospital Preparedness Program (HPP) and Public Health Emergency (PHEP) Aligned Cooperative Agreements			<u>160,877</u>
Total U.S. Department of Health and Human Services			<u>264,695</u>
<b>Total</b>			<b><u><u>\$617,588</u></u></b>

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

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

NOTE TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2014

**SIGNIFICANT ACCOUNTING POLICIES**

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



# Dave Yost • Auditor of State

## INDEPENDENT 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 7, 2015, 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

August 7, 2015



# Dave Yost • Auditor of State

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

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

To the Board of Health:

### ***Report on Compliance for the Major Federal Program***

We have audited the Medina County Combined General Health District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Medina County Combined General Health District's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

In our opinion, the Medina County Combined General Health District, Medina County, Ohio, complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

***Report on Internal Control Over Compliance***

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

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

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

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 7, 2015

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2014**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements, CFDA 93.074
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

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

None

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# Dave Yost • Auditor of State

**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT**

**MEDINA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 27, 2015**