

SUMMIT COUNTY COMBINED GENERAL HEALTH DISTRICT

SUMMIT COUNTY

Audit Report

For the Year Ended December 31, 2017





Dave Yost • Auditor of State

Board of Health
Summit County Combined General Health District
1867 Market Street
Akron, Ohio 44322

We have reviewed the *Independent Auditor's Report* of the Summit County Combined General Health District, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Summit County Combined General Health District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 26, 2018

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**SUMMIT COUNTY COMBINED GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Summit County Combined General Health District
Summit County
1867 Market Street
Akron, Ohio 44322

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County General Health District, Summit County, Ohio (the Health District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Health District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Combined General Health District, Summit County, Ohio, as of December 31, 2017, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General and Quality of Life funds, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2017, the Health District had a restatement in its fund balances due to the conversion of an advance to a transfer. We did not modify our opinion regarding this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Summit County Combined General Health District, Summit County, Ohio's basic financial statements. The management's discussion and analysis on pages 4-8, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

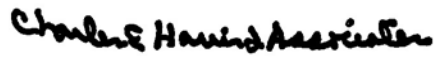
Supplemental Information

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the basic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2018, on our consideration of the Health 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion 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 Health District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
April 20, 2018

Summit County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The discussion and analysis of the Summit County Combined General Health District's (the 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 modified 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:

- The assets of the Health District exceeded liabilities at the close of the year ended December 31, 2017 by \$8,971,913 (net position).
- The Health District's total net position increased \$1,545,764. This increase is mainly attributable to a net increase in operating grants and contributions and charges for services of \$1,226,301 due to the timing of revenues and the addition of new grant funding sources and a combined reduction in both General Fund and other governmental fund disbursements due to program closures and State/Federal grant cuts.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise 85 percent of the Health District's receipts. General receipts in the form of property taxes and unrestricted grants make up the other 15 percent.
- The Health District had \$23.7 million in expenses related to governmental activities in 2017; only \$21.5 million of these expenses were offset by program specific charges and operating grants and contributions. General Revenues (primarily taxes) of \$3.7 million together with assets on hand at the beginning of the year were adequate to provide for these programs.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$7.9 million or 63 percent of total General Fund expenditures.

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 modified 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 modified cash basis of accounting.

The Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified 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

Summit County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

Basis of Accounting

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

As a result of using the modified 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 modified 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 modified cash basis of accounting. The Statement of Net Position – Modified Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Modified 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 modified 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 nonfinancial 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.

In the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis, the Health District's major funds are reported. Charges for services and state and federal grants finance most of these activities. To a significant extent, benefits provided through the governmental activities are being paid for by the people receiving them.

Summit County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Reporting the Health District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds - The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs. The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental funds are the General Fund, and the Quality of Life Fund.

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 modified cash basis:

Table 1: Net Position – Modified Cash Basis

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$8,971,983	\$7,509,318
<i>Total Assets</i>	<u>8,971,983</u>	<u>7,509,318</u>
Liabilities		
Fiscal Agent Payable	<u>70</u>	<u>83,169</u>
Net Position		
Restricted for Other Purposes	2,579,335	2,347,510
Unrestricted	<u>6,392,578</u>	<u>5,078,639</u>
<i>Total Net Position</i>	<u>8,971,913</u>	<u>7,426,149</u>
Total Net Position and Liabilities	<u>\$8,971,983</u>	<u>\$7,509,318</u>

As mentioned previously, net position increased \$1,545,764. This increase is mainly attributable to the net increase in operating grants and contributions and charges for services of \$1,226,301 due to the timing of revenues and the addition of new grant funding sources and a combined reduction in both General Fund and other governmental fund disbursements due to program closures and State/Federal grant cuts.

Summit County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Table 2 reflects the changes in net position in 2017.

Table 2: Changes in Net Positions

	Governmental Activities	
	2017	2016
Receipts		
Program Cash Receipts		
Charges for Services	\$ 6,158,223	\$ 6,173,075
Operating Grants and Contributions	15,364,833	14,123,680
Total Program Cash Receipts	21,523,056	20,296,755
General Receipts		
Property Taxes	3,230,675	3,230,675
State Subsidy	101,883	101,883
Miscellaneous	407,713	269,218
Total General Receipts	3,740,271	3,601,776
Total Receipts	25,263,327	23,898,531
Disbursements		
Public Health Services	22,796,632	23,382,994
Debt Service	930,931	930,823
Total Disbursements	23,717,563	24,313,817
Increase / (Decrease) in Net Position	1,545,764	(415,286)
Net Position January 1	7,426,149	7,841,435
Net Position December 31	8,971,913	7,426,149

In 2017, 15 percent of the Health District's total receipts were from general receipts, consisting mainly of property taxes. Program receipts accounted for 85 percent of the Health District's total receipts in year 2017. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, trailer park, swimming pools and spas, water system permits, clinic fees and state and federal operating grants and donations.

Governmental Activities

If you look at the Statement of Activities – Modified 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 next two columns of the Statement entitled Program Cash 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 Receipt (Disbursement) 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 townships and municipalities, 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 is presented below, in Table 3.

Summit County Combined General Health District
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Table 3: Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017
Public Health Services	\$ 22,796,632	\$ (1,273,576)
Debt Service	930,931	(930,931)
Total Governmental Activities	<u>\$ 23,717,563</u>	<u>\$ (2,194,507)</u>

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing Federal grants and charging rates for services that are closely related to costs. Only sixteen percent of health costs are supported through property taxes, unrestricted grants and other general receipts.

The Health District's Funds

The sum of governmental funds had total receipts of \$25,263,327 and total disbursements of \$23,717,563. These governmental funds increased cash balances by \$1,545,764 in 2017.

The fund balance of the General Fund increased \$1,092,924 to \$7,941,866 at year-end. This increase is due primarily to an increase in Intergovernmental receipts from new funding sources and reductions in disbursements for public health services.

The Quality of Life Fund balance increased by \$6,581 and is attributable to the timing of expenditures and reimbursements. The Grant operates in a fiscal year other than January through December 2017.

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, and the budgetary statement reflects both the original and final appropriated amounts. The overall decrease between the original budgeted and the actual receipts is due to a reduction of the estimated revenues for local grants and fees for services received during the year.

The decrease of actual disbursements from the original budgeted amount is the result of a reduction in costs associated with public health services.

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 Angela Burgess, Fiscal Officer, Summit County Combined General Health District, 1867 West Market Street, Akron, Ohio 44313.

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

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 8,971,983
<i>Total Assets</i>	8,971,983
Liabilities	
Fiscal Agent Payable	70
Net Position	
Restricted for Other Purposes	2,579,335
Unrestricted	6,392,578
<i>Total Net Position</i>	8,971,913
Total Net Position and Liabilities	\$ 8,971,983

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Statement of Modified Cash Basis Assets and Fund Balances
 December 31, 2017

	General	Quality of Life	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 6,215,916	\$ -	\$ 2,756,067	\$ 8,971,983
Interfund Receivable	1,725,950	-	-	1,725,950
<i>Total Assets</i>	<u>\$ 7,941,866</u>	<u>\$ -</u>	<u>\$ 2,756,067</u>	<u>\$ 10,697,933</u>
Liabilities				
Fiscal Agent Payable	-	70	-	70
Interfund Payable	-	42,000	1,683,950	1,725,950
	<u>\$ -</u>	<u>\$ 42,070</u>	<u>\$ 1,683,950</u>	<u>\$ 1,726,020</u>
Fund Balances				
Restricted	-	-	2,579,335	2,579,335
Assigned	46,527	-	-	46,527
Unassigned	7,895,339	(42,070)	(1,507,218)	6,346,051
<i>Total Fund Balances</i>	<u>7,941,866</u>	<u>(42,070)</u>	<u>1,072,117</u>	<u>8,971,913</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 7,941,866</u>	<u>\$ -</u>	<u>\$ 2,756,067</u>	<u>\$ 10,697,933</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
For the Year Ended December 31, 2017

	General	Quality of Life	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 3,230,675	\$ -	\$ -	\$ 3,230,675
Charges for Services	3,169,729	-	459,613	3,629,342
Licenses, Permits and Fees	2,339,285	-	295,935	2,635,220
Intergovernmental	4,651,436	139,769	10,659,041	15,450,246
Other	259,447	-	58,397	317,844
<i>Total Receipts</i>	<u>13,650,572</u>	<u>139,769</u>	<u>11,472,986</u>	<u>25,263,327</u>
Disbursements				
Current:				
Public Health Services	11,634,151	133,188	11,029,293	22,796,632
Debt Service				
Principal Retirement	804,656	-	-	804,656
Interest and Fiscal Charges	116,275	-	-	116,275
<i>Total Disbursements</i>	<u>12,555,082</u>	<u>133,188</u>	<u>11,029,293</u>	<u>23,717,563</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,095,490</u>	<u>6,581</u>	<u>443,693</u>	<u>1,545,764</u>
Other Financing Sources (Uses)				
Transfers In	-	-	401,266	401,266
Transfers Out	(2,548)	-	(398,718)	(401,266)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,548)</u>	<u>-</u>	<u>2,548</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	1,092,942	6,581	446,241	1,545,764
<i>Fund Balances Beginning of Year (Note 3)</i>	<u>6,848,924</u>	<u>(48,651)</u>	<u>625,876</u>	<u>7,426,149</u>
<i>Fund Balances End of Year</i>	<u>\$ 7,941,866</u>	<u>\$ (42,070)</u>	<u>\$ 1,072,117</u>	<u>\$ 8,971,913</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
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>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$3,230,675	\$3,230,675	\$3,230,675	\$ -
Charges for Services	3,335,961	3,360,107	3,169,729	(190,378)
Licenses, Permits and Fees	2,636,500	2,636,500	2,339,285	(297,215)
Intergovernmental	4,320,340	4,532,156	4,651,436	119,280
Other	170,282	171,782	259,447	87,665
<i>Total receipts</i>	<u>13,693,758</u>	<u>13,931,220</u>	<u>13,650,572</u>	<u>(280,648)</u>
Disbursements				
Current:				
Public Health Services	13,263,033	14,314,945	11,680,678	2,634,267
Debt Service:				
Principal Retirement		804,656	804,656	-
Interest and Fiscal Charges	430,725	116,275	116,275	-
<i>Total Disbursements</i>	<u>13,693,758</u>	<u>15,235,876</u>	<u>12,601,609</u>	<u>2,634,267</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>(1,304,656)</u>	<u>1,048,963</u>	<u>2,353,619</u>
Other Financing Sources (Uses)				
Transfers Out	-	(2,548)	(2,548)	-
Advances In	-	2,468,416	2,463,866	(4,550)
Advances Out	-	(1,725,950)	(1,725,950)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>739,918</u>	<u>735,368</u>	<u>(4,550)</u>
<i>Net Change in Fund Balance</i>	<u>-</u>	<u>(564,738)</u>	<u>1,784,331</u>	<u>2,349,069</u>
<i>Fund Balance Beginning of Year</i>	4,192,459	4,192,459	4,192,459	-
Prior Year Encumbrances Appropriated	192,598	192,598	192,598	-
<i>Fund Balance End of Year</i>	<u>\$ 4,385,057</u>	<u>\$ 3,820,319</u>	<u>\$ 6,169,388</u>	<u>\$ 2,349,069</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Quality of Life

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 197,700	\$ 298,382	\$ 139,769	\$ (158,613)
<i>Total receipts</i>	197,700	298,382	139,769	(158,613)
Disbursements				
Current:				
Public Health Services	116,011	304,731	133,188	171,543
<i>Total Disbursements</i>	116,011	304,731	133,188	171,543
<i>Excess of Receipts Over (Under) Disbursements</i>	81,689	(6,349)	6,581	12,930
Other Financing Sources (Uses)				
Advances In	-	-	42,000	42,000
Advances Out	(55,000)	(55,000)	(55,000)	-
<i>Total Other Financing Sources (Uses)</i>	(55,000)	(55,000)	(13,000)	42,000
<i>Net Change in Fund Balance</i>	26,689	(61,349)	(6,419)	54,930
<i>Fund Balance Beginning of Year</i>	(48,651)	(48,651)	(48,651)	-
<i>Fund Balance End of Year</i>	<u>\$ (21,962)</u>	<u>\$ (110,000)</u>	<u>\$ (55,070)</u>	<u>\$ 54,930</u>

See accompanying notes to the basic financial statements

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The Summit County Combined General Health District (the Health District), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A five-member Board of Health appointed by the District Advisory Council governs the Health District. 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.

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' services include all public health services provided in the county.

Public Entity Risk Pools

The Health District participates in a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

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 modified cash basis of accounting. This modified 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 modified 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.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

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. 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 non-exchange 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.

The statement of net position presents the cash balance and interfund loan 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 and grants and contributions that are restricted to meeting the operational or capital requirements of 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 function is self-financing on a modified 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. Non-major funds are aggregated and presented in a single column.

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. The Health District uses the following fund types:

Governmental Funds

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

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

General Fund - The General Fund accounts for and reports 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.

Quality of Life Fund - This fund accounts for and reports local grant monies restricted to the Quality of Life program for the purpose of addressing health and social disparities and improving the quality of life for Summit County residents based on data obtained through the Summit 2020 initiative.

The other governmental funds of the Health District account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

C. Basis of Accounting

The Health District's financial statements are prepared using the modified 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 modified 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 expenses and liabilities) 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 fund, department, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenues with the municipalities and townships within the Health District by about June 1 (forty-five days prior to July 15). The county Fiscal Officer cannot allocate property taxes from the municipalities and townships within the Health 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, and an itemized estimate of revenues to be collected during the next fiscal year, is certified by the county budget commission.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

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 are certified by approval of the county budget commission.

The amounts reported as the original budgeted amounts on the budgetary statements 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 statements 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.

E. Cash and Investments / Fiscal Agent Payable

The Summit County Fiscal Officer is the custodian for the Health District's cash and investments. The Health District utilizes a financial institution to service bonded debt as principal and interest payments come due. The County's cash and investment pool holds the Health District's cash and investments, which are reported at the County Fiscal Officer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County by contacting Dennis Menendez, Deputy Fiscal Officer of Finance, County of Summit, 175 South Main Street, 44308-1306, (330) 643-2872.

Amounts at year-end due to the County are recorded as Fiscal Agent Payable.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. 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.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

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.

The fund financial statements report outstanding interfund loans as “interfund receivables/payables.” Interfund loans which do not represent available expendable resources are classified as nonspendable fund balance. Interfund balances are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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 modified 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Health District’s modified cash basis financial statements do not report liabilities for long-term obligations. Proceeds of loans are reported as cash when received and principal and interest 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.

M. Net Position

Net Position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for federal, state and local grants.

The Health District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

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:

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or 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. It also includes the long-term amount of interfund loans.

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. Enabling legislation authorizes the Health District to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Health District can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Health District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Health Board or a Health District official delegated that authority by resolution or by State Statute. The Health District may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget in the General Fund.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

O. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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 – Restatement of Prior Year’s Fund Balances

Restatement of Prior Year’s Fund Balances

The following is a restatement to December 31, 2016 fund balances:

	General Fund	Other Governmental Funds
Fund Balance, December 31, 2016	\$6,853,474	\$621,326
Conversion of Advance to Transfer	(4,550)	4,550
Fund Balance, December 31, 2016, Restated	\$6,848,924	\$625,876

Funds were advanced from the General Fund to Other Governmental Funds with the anticipation of repayment. Upon grant reimbursement, the funds received were not adequate to repay the advance in full. The Health District passed a formal resolution to acknowledge the change in status from an advance to a transfer.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Accountability and Compliance

Accountability

Fund Balances at December 31, 2017 included the following individual fund deficits:

<u>Fund</u>	<u>Deficit</u>
Major Governmental Funds:	
Quality of Life	\$ (42,070)
	(42,070)
Other Governmental Funds:	
HMG Part C	(251,650)
IAP	(76,672)
WIC	(422,000)
Creating Healthy Communities	(28,197)
Maternal & Child Health	(79,075)
OIMRI	(15,766)
BCCP	(35,641)
HUB	(2,498)
Moms Quit for Two	(12,851)
PHEP	(93,371)
Regional PHEP	(15,101)
HIV Prevention	(75,947)
Dental Sealant	(8,600)
STD Control	(18,021)
HealthChek Data	(8,236)
STARS	(45,804)
Local 1422	(36,872)
HIV CBI	(17,820)
HUD Lead	(69,387)
HUD Healthy Homes	(775)
Naloxone Program	(8,265)
APS	(67,299)
MIECHV	(40,552)
PDOP	(5,862)
Injury Prevention Grant	(1,105)
AOD Outreach	(5,772)
	(1,443,139)
Total	\$ (1,485,209)

The fund deficits in the above funds resulted from interfund liabilities due to timing issues with the reimbursement of disbursements for various grant programs. The general fund is liable for the deficits in these funds and will provide operating advances when cash is required, not when the liability occurs.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 - 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 and each major special revenue 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 modified cash basis are as follows:

1. Outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (*modified* cash basis).
2. Outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (*modified* cash basis).
3. Unreported interest is reported on the statement of modified receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Quality of Life
Cash Basis	\$ 1,092,942	\$ 6,581
Advances In	2,463,866	42,000
Advances Out	(1,725,950)	(55,000)
Encumbrances	(46,527)	-
Budget Basis	\$ 1,784,331	\$ (6,419)

Note 6 - Deposits and Investments

As required by the Ohio Revised Code, the Summit County Fiscal Officer is custodian for the District's deposits. The County's deposit and investment pool holds the District's assets, valued at the Fiscal Officer's reported carrying amount.

Note 7 - 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.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 - Property Taxes (continued)

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.

The full tax rate for all Health District operations for the year ended December 31, 2017, was \$0.364311 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	\$ 8,998,121,170
Public Utility Personal Property	<u>250,494,250</u>
Total	<u>\$ 9,248,615,420</u>

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

Note 8 - Interfund Balances and Transfers

Transfers

During 2017, the following transfers were made:

Transfer to	Transfer from			
	Major Funds			
	General	Quality of Life	Other Nonmajor Governmental	Total
Other Nonmajor				
Governmental Funds	\$2,548	0	\$398,718	\$401,266

The above-mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers were made from Air Quality PM 2.5, Air Quality Enforcement, Refugee Health and ADM Counseling from 2016 to 2017 programs. These transfers are allowed according to their agreements with the state agency and local grants. Nonroutine transfers were in compliance with Ohio Revised Code to provide working capital for operations or projects.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 - Interfund Balances and Transfers (continued)

Interfund Balances

Interfund balances at December 31, 2017, consisted of the following fund receivables and payables:

	Receivable	Payable
	Advance to Other Funds	Advance to Other Funds
Major Funds:		
General Fund	\$1,725,950	
Quality of Life		42,000
Other Governmental Funds:		
HMG Part C		252,000
Immunization Action Plan		84,000
WIC		422,000
Creating Healthy Communities		29,000
Maternal & Child Health		80,000
OIMRI		18,500
BCCP		36,000
HUB		34,500
Moms Quit for Two		13,000
PHEP		94,000
Regional PHEP		22,300
HIV		77,200
Dental Sealant		8,600
STD Control		18,700
HealthCheck Data		15,000
PREP		22,000
STARS		67,530
Local 1422		40,000
HIV CBI		20,000
HUD Lead		75,000
HUD Healthy Homes		1,000
ADM Counseling		60,000
Tobacco Prevention		34,920
Naloxone Clinic		21,000
APS		70,000
MIECHV		41,300
PDOP		15,800
Injury Prevention		3,600
AOD Outreach		7,000
Total Governmental Activities	\$1,725,950	\$1,725,950

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 - Interfund Balances and Transfers (continued)

Interfund balances at December 31, 2017, consisted of \$1,725,950 advanced to other governmental funds to provide working capital for operations or projects. The interfund receivables/payables are expected to be repaid within one year.

Note 9 – 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 Worker's Compensation.

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 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 accountants) 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>

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 million of unpaid claims to be billed. The Pool's membership increased to 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 \$51,000.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Risk Management (continued)

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

Contributions to PEP, 2017
\$80,226

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

Note 10 - Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

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. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 - Defined Benefit Pension Plans (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 - Defined Benefit Pension Plans (continued)

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Health District’s contractually required contribution was \$1,316,719 for year 2017.

Note 11 – Post Employment Benefits

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS 2016 CAFR for details.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 11 – Post Employment Benefits (continued)

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 to the OPERS Board of Trustees (OPERS Board) in 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/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, State and Local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by the OPERS' actuary, the portion of employer contribution allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0%.

Substantially all of the Health District's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$94,051, \$186,488, and \$185,038, respectively. The full amount has been contributed for all three years.

Note 12 – Loans Payable

In 2014, a "Conduit Bank-Qualified Tax Exempt Bond" was issued by Summit County's Development Finance Authority (DFA) for which the Health District was the borrower. A local bank is providing the loan to the DFA.

Principal and interest on the debt was paid out of the General fund, including a payment of \$500,000 on the principal in addition to those required of the debt schedule. The Health District's long-term loan activity for the year ended December 31, 2017, was as follows:

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 12 – Loans Payable (continued)

	Interest Rate	Balance December 31, 2016	Additions	Reductions	Balance December 31, 2017	Principal Due Within One Year
<u>Governmental Activities</u>						
Loans Payable						
2013 Issue (Facility Renovation) (Original Amount \$5,000,000)	3.41%	\$ 3,464,058	\$ 0	\$ 804,656	\$ 2,659,402	\$ 270,276
Total Governmental Activities		\$ 3,464,058	\$ 0	\$ 804,656	\$ 2,659,402	\$ 270,276

The following is a summary of the Health District’s future annual debt service requirements for governmental activities:

Year	Loans	
	Principal	Interest
2018	\$270,276	\$142,104
2019	270,276	132,760
2020	270,276	123,761
2021	270,276	114,071
2022	270,276	104,726
2023	1,308,022	64,538
	\$ 2,659,402	\$ 681,960

Note 13 – Leases

The Health District also entered into a lease for copier equipment for its new Building in October 2014 under a five year capital lease. Payments began in November 2014 and will continue through October 2019. The Health District disbursed a total of \$18,645 for this lease for the year ended December 31, 2017. Future payments are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$18,052
2019	13,539

Additionally, the Health District leases various clinic facilities under operating leases for up to two years in length. Total rent expenses for these leases in 2017 were \$89,893.

Note 14 – 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.

Summit County Combined General Health District
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 15 – 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:

<u>Fund Balances</u>	<u>General</u>	<u>Quality of Life</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Restricted:</i>				
Public Health Services	\$0	\$0	\$2,579,335	\$2,579,335
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>2,579,335</u>	<u>2,579,335</u>
<i>Assigned:</i>				
Encumbrances	46,527	0	0	46,527
<i>Total Assigned</i>	46,527	0	0	46,527
Unassigned	7,895,339	(42,070)	(1,507,218)	6,346,051
Total Fund Balances	<u><u>\$7,941,866</u></u>	<u><u>\$(42,070)</u></u>	<u><u>\$1,072,117</u></u>	<u><u>\$8,971,913</u></u>

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

(Page 1 of 3)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	07710011WA0717	\$ 14,616	\$ 1,449,042
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	07710011WA0818	1,420	422,000
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>16,036</u>	<u>1,871,042</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>16,036</u>	<u>1,871,042</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through Ohio Department of Health</i>				
Public Health Emergency Preparedness	93.074	07710012PH0817	5,643	217,249
Public Health Emergency Preparedness	93.074	07710012PH0918	-	127,575
Public Health Emergency Preparedness (Regional)	93.074	07710012PH0817	-	40,451
Public Health Emergency Preparedness (Regional)	93.074	07710012PH0918	-	32,965
Public Health Emergency Preparedness (PHEP) Aligned Cooperative	93.074	07710012EB0116	86,876	112,129
Public Health Emergency Preparedness (PHEP) Aligned Cooperative	93.074	07710012EB0116	-	58,539
Total Emergency Preparedness			<u>92,519</u>	<u>588,908</u>
Immunization Action Plan FY16	93.268	07710012IM0916	56	48,342
Total Immunization Action Grants			<u>56</u>	<u>48,342</u>
Ohio Maternal Infant and Early Childhood Home Visiting	93.505	07710011MH0517	72,934	221,540
Ohio Maternal Infant and Early Childhood Home Visiting	93.505	07710011MH0618	7,178	40,552
Total Ohio Maternal Infant and Early Childhood Home Visiting			<u>80,112</u>	<u>262,092</u>
Local 1422	93.757	07710014PO0317	132,599	337,402
Local 1422	93.757	07710014PO0418	-	36,872
Total Local 1422			<u>132,599</u>	<u>374,274</u>
Medicaid Administrative Claiming	93.778	FY17 93601	-	172,541
Total MAC			<u>-</u>	<u>172,541</u>
HIV Prevention	93.940	07710012HP0616	17,236	22,949
HIV Prevention	93.940	07710012HP0717	78,549	217,397
Total HIV Prevention			<u>95,785</u>	<u>240,346</u>
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	07710012ST0516	2,254	4,972
Preventive Health Services-Sexually Transmitted Diseases Control Grants	93.977	07710012ST0617	-	65,601
Total Preventive Health Services-Sexually Transmitted Diseases Control Grants			<u>2,254</u>	<u>70,573</u>
Preventive Health and Health Services -Creating Healthy Communities	93.758	07710014CC0716	-	4,958
Preventive Health and Health Services -Creating Healthy Communities	93.758	07710014CC0817	3,086	105,532
Total Preventive Health and Health Services - Creating Healthy Communities Grants			<u>3,086</u>	<u>110,490</u>
Maternal and Child Health Services Block Grant	93.994	07710011MP0117	17,169	206,905
Maternal and Child Health Services Block Grant	93.994	07710011MP0218	-	79,075
Maternal and Child Health Services Block Grant	93.994	07710011OM0117	152,194	152,194
Maternal and Child Health Services Block Grant	93.994	07710011OM0218	18,050	18,050
Maternal and Child Health Services Block Grant-Dental Sealant	93.994	07710011DS0916	8,891	10,581
Maternal and Child Health Services Block Grant-Dental Sealant	93.994	07710011DS1017	18,115	52,224
Total Child and Family Health Services Block Grant			<u>214,419</u>	<u>519,029</u>
Tobacco Use Prevention and Cessation	93.305	07710014TU0217	1,340	4,519
Tobacco Use Prevention and Cessation	93.305	07710014TU0318	6,063	40,931
Total Tobacco Use Prevention and Cessation			<u>7,403</u>	<u>45,450</u>

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

(Page 2 of 3)

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Ohio Department of Health				
Prescription Drug Overdose Prevention FY17	93.136	07710014PD0117	-	65,830
Prescription Drug Overdose Prevention FY18	93.136	07710014PD0218	-	16,023
Injury Prevention Grant FY17	93.136	07710014OD0117	19,999	34,498
Injury Prevention Grant FY18	93.136	07710014OD0218	-	3,332
Total Injury Prevention and Control			19,999	119,683
Lead Poisoning and Prevention Grant	93.753	6 NUE1EH001277-03-01	10,000	10,000
Total Lead Poisoning and Prevention Grant			10,000	10,000
Affordable Care Act-Personal Responsibility Education Program	93.092	07710011PR0617	30,767	88,932
Passed through Ohio Department of Youth Services				
Affordable Care Act-Personal Responsibility Education Program	93.092	FY18 94028	-	29,090
Total PREP			30,767	118,022
Passed through Summit County Children's Services Board				
Enhance Safety of Children Affected by Substance Abuse	93.087	FY17 94037	-	142,511
Enhance Safety of Children Affected by Substance Abuse	93.087	FY18 94038	-	47,961
Total STARS			-	190,472
Passed through Cuyahoga County Board of Health				
Breast and Cervical Cancer	93.919	FY17 93767	-	51,972
Breast and Cervical Cancer	93.919	FY18 93768	-	62,019
Total Bureau of Prevention			-	113,991
Passed through Ohio Department of Jobs and Family Services				
Refugee and Entrant Assistance	93.566	FY16 96126	-	50,800
Refugee and Entrant Assistance	93.566	FY17 96127	-	412,002
Total Refugee and Entrants Assistance			-	462,802
Passed through Summit County Department of Jobs and Family Services				
Adult Protective Services	93.667	FY17 96027	262,239	618,415
Adult Protective Services	93.667	FY18 96028	2,030	80,094
Total Adult Protective Services			264,269	698,509
HUB	93.667	FY17 93817	-	48,124
HUB	93.667	FY18 93818	-	25,619
Total HUB			-	73,743
HealthCheck Data FY17	93.667	FY17 94007	-	67,501
HealthCheck Data FY18	93.667	FY18 94008	-	14,132
Total HealthCheck Data			-	81,633
Passed through Summit County Alcohol, Drug and Mental Health Board				
Medical Assistance Program-Counseling	93.959	FY13 95953	-	3,415
Medical Assistance Program-Counseling	93.959	FY15 95955	-	2,774
Medical Assistance Program-Counseling	93.959	FY16 95956	380	20,020
Medical Assistance Program-Counseling	93.959	FY17 95957	2,706	89,151
Medical Assistance Program-Counseling	93.959	FY18 95958	-	81,400
Total Medical Assistance Program-Counseling			3,086	196,760
Direct Program				
HIV CBI Grant FY17	93.243	FY17 94057	64,568	175,058
HIV CBI Grant FY18	93.243	FY18 94058	4,407	35,086
Total HIV CBI Program			68,975	210,144
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,025,329	4,707,804

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Page 3 of 3)**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. ENVIRONMENTAL PROTECTION AGENCY				
<i>Passed Through the Ohio Environmental Protection Agency</i>				
Air Pollution Control Program-Air Quality EPA	66.001	FY11 93791	-	19,947
Air Pollution Control Program-Air Quality EPA	66.001	FY17 93797	-	131,088
Air Pollution Control Program-Air Quality EPA	66.001	FY18 93798	-	23,048
Air Pollution Control Program-Air Quality PM 2.5	66.001	FY17 93807	-	32,036
Air Pollution Control Program-Air Quality PM 2.5	66.001	FY18 93808	-	74,248
Total Air Pollution Control Program			-	280,367
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			-	280,367
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Health</i>				
Special Education Grant for Infants and Families -Help Me Grow Part C	84.181	07710011HG0817	487,845	495,654
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Special Education Grant for Infants and Families -Help Me Grow Part C	84.181	FY18 93578	244,859	251,650
Total Special Education Grant for Infants and Families			732,704	747,304
TOTAL U.S. DEPARTMENT OF EDUCATION			732,704	747,304
U.S. DEPARTMENT OF HOMELAND SECURITY FEDERAL EMERGENCY MANAGEMENT AGENCY				
<i>Direct Program</i>				
Emergency Food and Shelter National Board Program	97.024	FY17 93601	-	11,000
Total Emergency Food and Shelter National Board Program			-	11,000
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY FEDERAL EMERGENCY MANAGEMENT AGENCY			-	11,000
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct Program</i>				
Lead-Based Paint Hazard Control	14.900	FY13 95933	28,719	32,275
Lead-Based Paint Hazard Control	14.900	FY16 95936	432,924	633,809
Lead-Based Paint Hazard Control	14.900	FY16 95946	114,585	114,585
Total Lead-Based Paint Hazard Control			576,228	780,669
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			576,228	780,669
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,350,297	\$ 8,398,186

The accompanying notes are an integral part of this schedule.

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Summit County Combined General Health District (the Health District) under programs of the federal government for the year ended December 31, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Health District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Health District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Health District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The Health District passes certain federal awards received from the Ohio Department of Health, U.S. Department of Agriculture, U.S. Department of Health and Human Services, the U.S. Department of Education, the U.S. Environmental Protection Agency, the U.S. Department of Homeland Security and the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Health District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Health District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D - FEDERAL GRANTS COMINGLED WITH STATE GRANTS

Cash receipts from the U.S. Department of Health and Human Services, the U.S. Department of Education, the U.S. Environmental Protection Agency and the U.S. Department of Housing and Urban Development are commingled with State grants for the STARS Grant, Help Me Grow Part C Grant, Tobacco Use Prevention and Cessation Grant, Immunization Action Plan Grant, HIV Prevention Grant, Counseling Grant, Maternal and Child Health Grant, Air Pollution Control Program and Lead-Based Paint Hazard Control program. The Health District has determined the percentage of federal dollars, in which, constitute the overall grant awards. The Health District has applied these percentages to the Schedule of Federal Awards to reflect the federal portion of expenditures disbursed during the fiscal period.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS –
(continued)
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the Health District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Health District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Summit County General Health District
Summit County
1867 Market Street
Akron, Ohio 44322

To the Board of Health:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County General Health District, Summit County, Ohio (the Health District), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements, and have issued our report thereon dated April 20, 2018, wherein we noted the Health District uses a special purpose framework other than general accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Health District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Health District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Health District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Health District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Health District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Health District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
April 20, 2018

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614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Summit County General Health District
Summit County
1867 Market Street
Akron, Ohio 44322

To the Board of Health:

Report on Compliance for Each Major Federal Program

We have audited the Summit County General Health District's (the Health District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Summit County General Health District's major federal programs for the year ended December 31, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Health District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Health District's compliance for each of the Health District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 Health 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 each of the Health District's major programs. However, our audit does not provide a legal determination of the Health District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Summit County General Health District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2017.

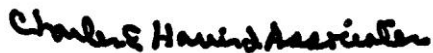
Report on Internal Control Over Compliance

The Health 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 Health 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 the Uniform Guidance, 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 Health 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 Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
April 20, 2018

**SUMMIT COUNTY GENERAL HEALTH DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017**

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 weaknesses in internal control 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 weaknesses in internal control 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 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants and Children (CFDA # 10.557) Lead-Based Paint Hazard Control Grant (CFDA #14.900) Special Education -Grants for Infants and Family - Help Me Grow Part C (CFDA # 84.181)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

SUMMIT COUNTY COMBINED GENERAL HEALTH DISTRICT

SUMMIT 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
JULY 10, 2018**