



OHIO AUDITOR OF STATE
KEITH FABER



**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY
DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio (the District), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio, as of December 31, 2018, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Other Information

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

We applied no procedures to management's discussion & analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 6, 2019, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

September 6, 2019

Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

The discussion and analysis of the Medina County Combined General Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2018, within the limitations of the Health District's cash basis of accounting. The intent of this discussion and analysis is to look at the Health District's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2018 are as follows:

- Net position decreased \$169,576 or 3 percent from 2017.
- Total 2018 cash receipts increased by \$501,902 over 2017. Program cash receipts for charges for services and sales decreased \$101,467 from 2017 and operating grants, contributions, and interest increased \$419,478.
- Total 2018 disbursements increased \$228,716 compared to 2017.

Using the Basic Financial Statements

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

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

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

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

Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Basis of Accounting

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

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

Reporting the Health District as a Whole

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis reflect how the Health District did financially during 2018, within the limitations of the cash basis of accounting. The Statement of Net Position – Cash Basis presents the cash balances of the governmental activities of the Health District at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services, and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

These statements report the Health District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating. When evaluating the Health District's financial condition, you should also consider other non-financial factors as well, such as the Health District's property tax base, the condition of the Health District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

The Statement of Net Position – Cash Basis, and the Statement of Activities – Cash Basis present governmental activities, which include all the Health District's services. The Health District has no business-type activities.

Reporting the Health District's Most Significant Funds

Fund Financial Statements

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

Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Governmental Funds - The Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs.

The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental fund is the General Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Health District as a Whole

Table 1 provides a summary of the Health District's net position for 2018 compared to 2017 on a cash basis:

Table 1
Net Position

	Governmental Activities	
	2018	2017
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 6,213,282	\$ 6,382,858
Net Position		
Restricted for:		
Other Purposes	\$ 1,069,103	\$ 1,007,897
Unrestricted	5,144,179	5,374,961
<i>Total Net Position</i>	\$ 6,213,282	\$ 6,382,858

Net position decreased \$169,576 or 3 percent from 2017. The decrease was primarily due to cash disbursements exceeding cash receipts.

Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Table 2 reflects the change in net position in 2018, and provides a comparison to 2017 amounts:

Table 2
Changes in Net Position

	Governmental Activities	
	2018	2017
Receipts		
<i>Program Receipts</i>		
Charges for Services and Sales	\$ 2,685,599	\$ 2,787,066
Operating Grants, Contributions and Interest	1,241,364	821,886
<i>Total Program Receipts</i>	<u>3,926,963</u>	<u>3,608,952</u>
<i>General Receipts</i>		
Property Taxes	2,740,682	2,657,850
Grants and Entitlements not Restricted to Specific Programs	552,361	517,805
Miscellaneous	114,445	47,942
<i>Total General Receipts</i>	<u>3,407,488</u>	<u>3,223,597</u>
<i>Total Receipts</i>	<u>7,334,451</u>	<u>6,832,549</u>
<i>Program Disbursements</i>		
Public Health Nursing	1,209,999	1,052,529
Health Center	2,261,096	2,098,176
Environmental Health	1,447,541	1,408,858
WIC	387,071	401,308
Community Health	809,855	578,572
Capital Outlay	232,028	314,134
Administrative Services	1,156,437	1,421,734
<i>Total Program Disbursements</i>	<u>7,504,027</u>	<u>7,275,311</u>
<i>Change in Net Position</i>	(169,576)	(442,762)
<i>Net Position Beginning of Year</i>	<u>6,382,858</u>	<u>6,825,620</u>
<i>Net Position End of Year</i>	<u>\$ 6,213,282</u>	<u>\$ 6,382,858</u>

In 2018, program receipts accounted for 54 percent of the Health District's total receipts compared to 53 percent in 2017. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, campgrounds, swimming pools and spas, septic and water system permits, dental and medical primary care services, and state and federal operating grants and donations. PHEP grants and miscellaneous grants in general fund accounted for most of the increase over 2017. 46 percent of the Health District's total receipts were from general receipts compared to 47 percent in 2017. General receipts are those consisting mainly of property taxes levied for general health district purposes.

Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for the Health Center which includes medical primary care and dental services, Administrative Services which includes Vital Statistics, Environmental Health, Public Health Nursing, Community Health, and WIC, which account for the majority of all governmental disbursements. Capital Outlay accounts for the remaining governmental disbursements.

The next two columns of the Statement titled Program Receipts identify amounts paid by people who are directly charged for the service, and grants received by the Health District, that must be used to provide a specific service. The net cost column compares the program receipts to the cost of the service. This “Net Cost” amount represents the cost of the service which ends up being paid from money provided by local taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for both the current and prior years is presented in Table 3.

Table 3
Net Cost of Services

	Total Costs of Services		Net Costs of Services	
	2018	2017	2018	2017
<i>Program Disbursements</i>				
Public Health Nursing	\$ 1,209,999	\$ 1,052,529	\$ 893,055	\$ 298,836
Health Center	2,261,096	2,098,176	1,459,968	1,514,196
Environmental Health	1,447,541	1,408,858	78,688	52,777
WIC	387,071	401,308	8,811	10,355
Community Health	809,855	578,572	530,152	417,701
Capital Outlay	232,028	314,134	232,028	314,134
Administrative Services	1,156,437	1,421,734	374,362	1,058,360
<i>Total</i>	<u>\$ 7,504,027</u>	<u>\$ 7,275,311</u>	<u>\$ 3,577,064</u>	<u>\$ 3,666,359</u>

The Health District continually strives to reduce dependence upon property taxes and local subsidies by actively pursuing Federal and State grants, donations, and charging rates for services that are closely related to costs. In 2018 and 2017, 37 percent of the Health District costs were supported through property taxes. The Health District continues to update the charges for all its services and review billing practices and procedures to improve reimbursements due to the Health District from Medicare, Medicaid, private insurance, and fees.

Public Health Nursing covered 26 percent of their costs through grants and charges for services compared to 72 percent in 2017. The Health Center covered 35 percent of their costs for services through fees compared to 28 percent in 2017. Environmental Health covered 95 percent of their costs through license, permit, and fee revenues compared to 96 percent in 2017. Community Health with emergency planning costs was 35 percent funded by local intergovernmental grants, donations and a federal grant compared to

Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

28 percent in 2017. The WIC program is 98 percent covered with a federal grant compared to 97 percent in 2017.

The Health District's Funds

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

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

At the end of 2018, the Health District's governmental funds reported total ending fund balance of \$6,213,282. Of this amount, \$1,069,103 is restricted, \$1,488,257 is committed, \$1,424,470 is assigned, and \$2,231,452 is unassigned.

The General Fund is the chief operating fund of the Health District. At the end of 2018, total fund balance in the General Fund was \$5,144,179. As a measure of the general fund's liquidity, it may be useful to compare total general fund balance to total general fund disbursements. Unassigned fund balance represents approximately 38 percent of the total general fund disbursements.

Despite an increase in receipts and fairly constant disbursements when compared to prior year, the fund balance decreased \$230,782 due to disbursements exceeding receipts.

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 2018, the Health District amended its budget, and the budgetary statement reflects both the original and final amounts.

For the general fund, final budget basis receipts were \$279,016 more than actual receipts of \$5,555,360 mainly in property and other local taxes. Original and final budget basis receipts were \$5,834,376.

Final disbursement appropriations of \$8,281,847 were \$2,268,931 higher than the actual disbursements due to fully appropriating available resources. Original and final disbursement appropriations were \$8,281,847.

Debt Administration

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

Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Contacting the Health District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to David H. McElhatten, Director of Administrative Services, 330-662-0454.

Medina County Combined General Health District
Medina County, Ohio
Statement of Net Position - Cash Basis
December 31, 2018

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 6,213,282
Net Position	
Restricted for:	
Other Purposes	\$ 1,069,103
Unrestricted	<u>5,144,179</u>
<i>Total Net Position</i>	<u>\$ 6,213,282</u>

See accompanying notes to the basic financial statements.

Medina County Combined General Health District
Medina County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Public Health Nursing	\$ 1,209,999	\$ 234,296	\$ 82,648	\$ (893,055)
Health Center	2,261,096	759,899	41,229	(1,459,968)
Environmental Health	1,447,541	1,368,853	0	(78,688)
WIC	387,071	0	378,260	(8,811)
Community Health	809,855	0	279,703	(530,152)
Capital Outlay	232,028	0	0	(232,028)
Administrative Services	1,156,437	322,551	459,524	(374,362)
<i>Totals</i>	<u>\$ 7,504,027</u>	<u>\$ 2,685,599</u>	<u>\$ 1,241,364</u>	<u>(3,577,064)</u>

General Receipts

Property Taxes Levied for:

General Health District Purposes	2,740,682
Grants and Entitlements not Restricted to Specific Programs	552,361
Miscellaneous	114,445

Total General Receipts

3,407,488

Change in Net Position

(169,576)

Net Position Beginning of Year

6,382,858

Net Position End of Year

\$ 6,213,282

See accompanying notes to the basic financial statements.

Medina County Combined General Health District
Medina County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2018

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,144,179	\$ 1,069,103	\$ 6,213,282
Fund Balances			
Restricted	\$ 0	\$ 1,069,103	\$ 1,069,103
Committed	1,488,257	0	1,488,257
Assigned	1,424,470	0	1,424,470
Unassigned	2,231,452	0	2,231,452
<i>Total Fund Balances</i>	<u>\$ 5,144,179</u>	<u>\$ 1,069,103</u>	<u>\$ 6,213,282</u>

See accompanying notes to the basic financial statements.

Medina County Combined General Health District
Medina County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balances - Cash Basis - Governmental Funds
For the Year Ended December 31, 2018

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	\$ 2,740,682	\$ 0	\$ 2,740,682
Intergovernmental	1,011,885	777,254	1,789,139
Charges for Services	1,716,823	968,776	2,685,599
Gifts and Contributions	4,586	0	4,586
Rent	29,865	0	29,865
Miscellaneous	51,519	33,061	84,580
<i>Total Receipts</i>	<u>5,555,360</u>	<u>1,779,091</u>	<u>7,334,451</u>
Disbursements			
Current			
Health:			
Public Health Nursing	1,119,233	90,766	1,209,999
Health Center	2,192,122	68,974	2,261,096
Environmental Health	639,438	808,103	1,447,541
WIC	0	387,071	387,071
Community Health	521,256	288,599	809,855
Administrative Services	1,156,437	0	1,156,437
Capital Outlay	232,028	0	232,028
<i>Total Disbursements</i>	<u>5,860,514</u>	<u>1,643,513</u>	<u>7,504,027</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(305,154)</u>	<u>135,578</u>	<u>(169,576)</u>
Other Financing Sources (Uses)			
Advances In	74,372	0	74,372
Advances Out	0	(74,372)	(74,372)
Transfers In	7,178	7,178	14,356
Transfers Out	(7,178)	(7,178)	(14,356)
<i>Total Other Financing Sources (Uses)</i>	<u>74,372</u>	<u>(74,372)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(230,782)	61,206	(169,576)
<i>Fund Balances Beginning of Year</i>	<u>5,374,961</u>	<u>1,007,897</u>	<u>6,382,858</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,144,179</u>	<u>\$ 1,069,103</u>	<u>\$ 6,213,282</u>

See accompanying notes to the basic financial statements.

Medina County Combined General Health District
Medina County, Ohio
Statement of Receipts, Disbursements and Changes in
Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 2,991,800	\$ 2,991,800	\$ 2,740,682	\$ (251,118)
Intergovernmental	1,019,580	1,019,580	1,011,885	(7,695)
Charges for Services	1,736,376	1,736,376	1,716,823	(19,553)
Gifts and Contributions	4,614	4,614	4,586	(28)
Rent	30,093	30,093	29,865	(228)
Miscellaneous	51,913	51,913	51,519	(394)
<i>Total Receipts</i>	<u>5,834,376</u>	<u>5,834,376</u>	<u>5,555,360</u>	<u>(279,016)</u>
Disbursements				
Public Health Nursing	1,649,636	1,649,636	1,127,883	521,753
Health Center	2,960,866	2,960,866	2,258,550	702,316
Environmental Health	830,175	830,175	645,949	184,226
Community Health	688,697	688,697	531,023	157,674
Capital Outlay	416,195	416,195	232,028	184,167
Administrative Services	1,736,278	1,736,278	1,217,483	518,795
<i>Total Disbursements</i>	<u>8,281,847</u>	<u>8,281,847</u>	<u>6,012,916</u>	<u>2,268,931</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,447,471)</u>	<u>(2,447,471)</u>	<u>(457,556)</u>	<u>1,989,915</u>
Other Financing Sources (Uses)				
Advances In	74,372	74,372	74,372	0
Transfers In	7,178	7,178	7,178	0
Transfers Out	(258,500)	(258,500)	(7,178)	251,322
<i>Total Other Financing Sources (Uses)</i>	<u>(176,950)</u>	<u>(176,950)</u>	<u>74,372</u>	<u>251,322</u>
<i>Net Change in Fund Balance</i>	<u>(2,624,421)</u>	<u>(2,624,421)</u>	<u>(383,184)</u>	<u>2,241,237</u>
<i>Fund Balance Beginning of Year</i>	4,977,819	4,977,819	4,977,819	0
Prior Year Encumbrances Appropriated	397,143	397,143	397,143	0
<i>Fund Balance End of Year</i>	<u>\$ 2,750,541</u>	<u>\$ 2,750,541</u>	<u>\$ 4,991,778</u>	<u>\$ 2,241,237</u>

See accompanying notes to the basic financial statements.

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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

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

Primary Government

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

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

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

The Health District's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Health District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health District has no business-type activities.

Medina County Combined General Health District
Medina County, Ohio

Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The Statement of Net Position presents the cash and cash equivalent balances of the governmental activities of the Health District at year end. The Statement of Activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Health District.

Fund Financial Statements

During the year, the Health District segregates transactions related to certain Health District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Health District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. The Health District has no Fiduciary funds.

Fund Accounting

The Health District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All the funds of the Health District are presented as governmental funds.

Governmental Funds

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

The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Health District account for grants and other resources to which the Health District is bound to observe constraints imposed on the use of resources.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Health District under a trust agreement for individuals, private organizations, or other governments and are not available to support the Health District's own programs. The Health District did not have any trust funds in 2018. Agency funds

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

are purely custodial in nature and are used to account for assets held by the Health District. The Health District did not have any agency funds in 2018.

Basis of Accounting

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

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

Budgetary Process

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

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and townships within the district if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the Health District must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the Board of Health may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Health.

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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.

Cash and Investments

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

Restricted Assets

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

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.

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.

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.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Medina County Combined General Health District

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Long-Term Obligations

The Health District's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily include amounts restricted for state and federal grants.

The Health District's policy is to first apply restricted resources when an expenditure is incurred for purposes for which both restricted and unrestricted resources are available.

There is no net position restricted by enabling legislation.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. The Health District did not have any nonspendable fund balances.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Health. Those committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Health District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board of Health or a Health District official delegated that authority by resolution, or by State Statute.

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

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.

Interfund Transactions

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

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$152,402 for the general fund.

Note 4 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Health District. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

Medina County Combined General Health District
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The full tax rate for all Health District operations for the year ended December 31, 2018, was \$0.97 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$ 4,903,687,720
Public Utility Property	<u>160,149,580</u>
Total Assessed Values	<u>\$ 5,063,837,300</u>

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

Note 5 - Risk Management

The Health District is exposed to various risks of property and casualty losses, and injuries to employees.

The Health District insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2018, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

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

Medina County Combined General Health District
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

	<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 of unpaid claims to be billed to approximately 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment.

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. The Health District contributed \$24,227 to PEP in 2018.

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

Note 6 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

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Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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

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

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

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

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

	<u>State and Local</u>
2018 Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	<u>0.00 %</u>
Total Employer	<u>14.00 %</u>
Employee	<u>10.00 %</u>

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's required contribution was \$517,432 for year 2018.

Social Security

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

These seven employees contributed 6.2 percent of their gross salaries. The Health District contributed an amount equal to 6.2 percent of participants' gross salaries. The Health District has paid all contributions required through December 31, 2018.

Note 7 – Post-employment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, 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 postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 75. See OPERS' CAFR referenced below for additional information.

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 Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment 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.

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2018

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are 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. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's contractually required contribution was \$0 for 2018.

Note 8 - Interfund Activity

Advances

Other governmental funds repaid outstanding cash advances of \$74,372 to general fund.

Transfers

A residual equity transfer of \$7,178 was made from the vending fund to the general fund to close out the fund. The general fund transferred \$7,178 to the food service fund for operations.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Health District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Fund Balances

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

Medina County Combined General Health District
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

	General	Other Governmental Funds	Total
Restricted for:			
Health Center	\$ 0	\$ 1,303	\$ 1,303
Environmental Health	0	1,028,549	1,028,549
WIC	0	31,554	31,554
Community Health	0	7,697	7,697
Total Restricted	0	1,069,103	1,069,103
Committed to:			
Health Benefits	116,202	0	116,202
Retirement	773,489	0	773,489
Capital Outlay	532,138	0	532,138
Health Center	66,428	0	66,428
Total Committed	1,488,257	0	1,488,257
Assigned for:			
Encumbrances:			
Public Health Nursing	8,650	0	8,650
Environmental Health	6,510	0	6,510
Community Health	9,767	0	9,767
Administrative Services	61,047	0	61,047
Subsequent Year Appropriations	1,338,496	0	1,338,496
Total Assigned	1,424,470	0	1,424,470
Unassigned	2,231,452	0	2,231,452
Total Fund Balance	\$ 5,144,179	\$ 1,069,103	\$ 6,213,282

Note 11 – Leases

The Health District leases equipment under noncancelable leases. The Health District disbursed \$6,976 to pay lease costs for the year ended December 31, 2018. Future lease payments are as follows:

Year	Amount
2019	\$ 6,976
2020	6,976
2021	4,672
Total	\$ 18,624

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

September 6, 2019

OHIO AUDITOR OF STATE KEITH FABER



MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT

MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 26, 2019**