



OHIO AUDITOR OF STATE
KEITH FABER



**MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY
DECEMBER 31, 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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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, each 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, 2019, 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, each major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio, as of December 31, 2019, and the respective changes in cash financial position and the budgetary comparison for the General Fund and Sewage Program 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

Supplementary Information

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

The Federal Awards Expenditures Schedule 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 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 Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2020, 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 11, 2020

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Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

The discussion and analysis of the Medina County Combined General Health District's (the Health District) financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2019, 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 2019 are as follows:

- Net position decreased \$513,974 or 8 percent from 2018.
- Total 2019 cash receipts increased by \$18,096 over 2018. Program cash receipts for charges for services and sales increased \$227,255 over 2018 and operating grants, contributions, and interest decreased \$233,293.
- Total 2019 disbursements increased \$362,494 compared to 2018.

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, 2019
(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 2019, 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 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.

Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(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 funds are the General Fund and Sewage Program 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 2019 compared to 2018 on a cash basis:

Table 1
Net Position

	Governmental Activities		
	2019	2018	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,699,308	\$ 6,213,282	\$ (513,974)
Net Position			
Restricted for:			
Other Purposes	1,209,236	1,069,103	140,133
Unrestricted	4,490,072	5,144,179	(654,107)
<i>Total Net Position</i>	\$ 5,699,308	\$ 6,213,282	\$ (513,974)

Net position decreased \$513,974 or 8 percent from 2018. 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, 2019
(Unaudited)

Table 2 reflects the change in net position in 2019, and provides a comparison to 2018 amounts:

Table 2
Changes in Net Position

	Governmental Activities		
	2019	2018	Change
Receipts			
<i>Program Receipts</i>			
Charges for Services and Sales	\$ 2,912,854	\$ 2,685,599	\$ 227,255
Operating Grants, Contributions and Interest	1,008,071	1,241,364	(233,293)
<i>Total Program Receipts</i>	3,920,925	3,926,963	(6,038)
<i>General Receipts</i>			
Property Taxes	2,773,625	2,740,682	32,943
Grants and Entitlements not Restricted to Specific Programs	591,982	552,361	39,621
Miscellaneous	66,015	114,445	(48,430)
<i>Total General Receipts</i>	3,431,622	3,407,488	24,134
<i>Total Receipts</i>	7,352,547	7,334,451	18,096
<i>Program Disbursements</i>			
Public Health Nursing	1,080,171	1,209,999	(129,828)
Health Center	2,571,410	2,261,096	310,314
Environmental Health	1,585,620	1,447,541	138,079
WIC	410,645	387,071	23,574
Community Health	825,294	809,855	15,439
Capital Outlay	65,890	232,028	(166,138)
Administrative Services	1,327,491	1,156,437	171,054
<i>Total Program Disbursements</i>	7,866,521	7,504,027	362,494
<i>Change in Net Position</i>	(513,974)	(169,576)	(344,398)
<i>Net Position Beginning of Year</i>	6,213,282	6,382,858	(169,576)
<i>Net Position End of Year</i>	\$ 5,699,308	\$ 6,213,282	\$ (513,974)

In 2019, program receipts accounted for 53 percent of the Health District's total receipts compared to 54 percent in 2018. 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. 47 percent of the Health District's total receipts were from general receipts compared to 46 percent in 2018. 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, 2019
(Unaudited)

The Health District received less in grant receipts in 2019 while charges for services showed an increase over 2018. Increases in salaries and benefits contributed to an increase in health center disbursements over 2018.

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 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 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
Governmental Activities

	Total Costs of Services		Net Costs of Services	
	2019	2018	2019	2018
<i>Program Disbursements</i>				
Public Health Nursing	\$ 1,080,171	\$ 1,209,999	\$ 792,068	\$ 893,055
Health Center	2,571,410	2,261,096	1,585,749	1,459,968
Environmental Health	1,585,620	1,447,541	169,259	78,688
WIC	410,645	387,071	(14,229)	8,811
Community Health	825,294	809,855	621,651	530,152
Capital Outlay	65,890	232,028	65,890	232,028
Administrative Services	1,327,491	1,156,437	725,208	374,362
<i>Total</i>	<u>\$ 7,866,521</u>	<u>\$ 7,504,027</u>	<u>\$ 3,945,596</u>	<u>\$ 3,577,064</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 2019 and 2018, 35 and 37 percent, respectively, 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.

Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Public Health Nursing covered 27 percent of their costs through grants and charges for services compared to 26 percent in 2018. The Health Center covered 38 percent of their costs for services through fees compared to 35 percent in 2018. Environmental Health covered 89 percent of their costs through license, permit, and fee revenues compared to 95 percent in 2018. Community Health with emergency planning costs was 25 percent funded by local intergovernmental grants, donations and a federal grant compared to 35 percent in 2018. The WIC program covered all of their costs with a federal grant compared to 98 percent in 2018.

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 2019, the Health District's governmental funds reported total ending fund balance of \$5,699,308. Of this amount, \$1,209,236 is restricted, \$1,664,919 is committed, \$1,728,453 is assigned, and \$1,096,700 is unassigned.

The General Fund is the chief operating fund of the Health District. At the end of 2019, total fund balance in the General Fund was \$4,490,072. 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 18 percent of the total general fund disbursements.

Receipts were consistent with prior year while disbursements showed an increase mainly due to increases in salaries and benefits. The fund balance decreased \$654,107 from 2018.

The ending fund balance in Sewage Fund was \$636,024. Receipts and disbursements were fairly consistent with 2018 showing an increase in fund balance of \$92,293 over the prior year.

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 2019, 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 \$913,910 more than actual receipts of \$5,555,865 mainly in property and other local taxes and charges for services. Original and final budget basis receipts were \$6,469,775.

Medina County Combined General Health District
Medina County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Final disbursement appropriations of \$8,509,043 were \$2,136,792 higher than the actual disbursements due to fully appropriating available resources. Original disbursement appropriations were \$8,159,347, or \$349,696 lower than final disbursement appropriations with health center and administrative services originally estimated lower.

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.

Current Related Financial Activities

The Health District was awarded several new grants in 2019. The two most significant grants awarded were the federal Health Resources and Services Administration (HRSA) New Access Point grant that began on September 1, 2019. The purpose of this grant is to expand primary care services as a Federally Qualified Health Center. The amount of the award was \$650,000 per year for two years. Additionally, the Health District was awarded an Ohio Department of Health Tobacco Use Prevention and Cessation grant that began on July 1, 2019. The purpose of this grant is to decrease the initiation and use of tobacco by youth and adults and decrease exposure to secondhand smoke. The amount of the award was \$112,000 per year for three years.

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, 2019

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 5,699,308</u>
Net Position	
Restricted for:	
Other Purposes	\$ 1,209,236
Unrestricted	<u>4,490,072</u>
<i>Total Net Position</i>	<u>\$ 5,699,308</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, 2019

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Position</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Governmental Activities</u>
Governmental Activities				
Public Health Nursing	\$ 1,080,171	\$ 223,463	\$ 64,640	\$ (792,068)
Health Center	2,571,410	938,417	47,244	(1,585,749)
Environmental Health	1,585,620	1,391,361	25,000	(169,259)
WIC	410,645	0	424,874	14,229
Community Health	825,294	0	203,643	(621,651)
Capital Outlay	65,890	0	0	(65,890)
Administrative Services	1,327,491	359,613	242,670	(725,208)
<i>Totals</i>	<u>\$ 7,866,521</u>	<u>\$ 2,912,854</u>	<u>\$ 1,008,071</u>	<u>(3,945,596)</u>

General Receipts

Property Taxes Levied for:

General Health District Purposes	2,773,625
Grants and Entitlements not Restricted to Specific Programs	591,982
Miscellaneous	66,015

Total General Receipts 3,431,622

Change in Net Position (513,974)

Net Position Beginning of Year 6,213,282

Net Position End of Year \$ 5,699,308

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, 2019

	General Fund	Sewage Program Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 4,490,072	\$ 636,024	\$ 573,212	\$ 5,699,308
Fund Balances				
Restricted	\$ 0	\$ 636,024	\$ 573,212	\$ 1,209,236
Committed	1,664,919	0	0	1,664,919
Assigned	1,728,453	0	0	1,728,453
Unassigned	1,096,700	0	0	1,096,700
<i>Total Fund Balances</i>	<u>\$ 4,490,072</u>	<u>\$ 636,024</u>	<u>\$ 573,212</u>	<u>\$ 5,699,308</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, 2019

	General Fund	Sewage Program Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 2,773,625	\$ 0	\$ 0	\$ 2,773,625
Intergovernmental	834,652	0	764,039	1,598,691
Charges for Services	1,905,527	415,737	591,590	2,912,854
Gifts and Contributions	1,362	0	0	1,362
Rent	30,987	0	0	30,987
Miscellaneous	9,712	0	25,316	35,028
<i>Total Receipts</i>	<u>5,555,865</u>	<u>415,737</u>	<u>1,380,945</u>	<u>7,352,547</u>
Disbursements				
Current				
Health:				
Public Health Nursing	1,015,531	0	64,640	1,080,171
Health Center	2,522,863	0	48,547	2,571,410
Environmental Health	653,943	323,444	608,233	1,585,620
WIC	0	0	410,645	410,645
Community Health	624,254	0	201,040	825,294
Administrative Services	1,327,491	0	0	1,327,491
Capital Outlay	65,890	0	0	65,890
<i>Total Disbursements</i>	<u>6,209,972</u>	<u>323,444</u>	<u>1,333,105</u>	<u>7,866,521</u>
<i>Net Change in Fund Balances</i>	(654,107)	92,293	47,840	(513,974)
<i>Fund Balances Beginning of Year</i>	<u>5,144,179</u>	<u>543,731</u>	<u>525,372</u>	<u>6,213,282</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,490,072</u>	<u>\$ 636,024</u>	<u>\$ 573,212</u>	<u>\$ 5,699,308</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 3,066,200	\$ 3,066,200	\$ 2,773,625	\$ (292,575)
Intergovernmental	967,815	967,815	834,652	(133,163)
Charges for Services	2,384,915	2,384,915	1,905,527	(479,388)
Gifts and Contributions	1,579	1,579	1,362	(217)
Rent	35,931	35,931	30,987	(4,944)
Miscellaneous	13,335	13,335	9,712	(3,623)
<i>Total Receipts</i>	<u>6,469,775</u>	<u>6,469,775</u>	<u>5,555,865</u>	<u>(913,910)</u>
Disbursements				
Current:				
Health:				
Public Health Nursing	1,252,478	1,250,988	1,019,474	231,514
Health Center	3,144,928	3,428,724	2,592,913	835,811
Environmental Health	787,988	792,583	663,435	129,148
Community Health	777,081	783,071	636,514	146,557
Capital Outlay	150,000	150,000	69,964	80,036
Administrative Services	2,046,872	2,103,677	1,389,951	713,726
<i>Total Disbursements</i>	<u>8,159,347</u>	<u>8,509,043</u>	<u>6,372,251</u>	<u>2,136,792</u>
<i>Net Change in Fund Balance</i>	(1,689,572)	(2,039,268)	(816,386)	1,222,882
<i>Fund Balance Beginning of Year</i>	4,991,778	4,991,778	4,991,778	0
Prior Year Encumbrances Appropriated	152,402	152,402	152,402	0
<i>Fund Balance End of Year</i>	<u>\$ 3,454,608</u>	<u>\$ 3,104,912</u>	<u>\$ 4,327,794</u>	<u>\$ 1,222,882</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)
Sewage Program Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Charges for Services	\$ 398,552	\$ 398,552	\$ 415,737	\$ 17,185
Disbursements				
Current:				
Health:				
Environmental Health	369,664	369,664	334,554	35,110
<i>Net Change in Fund Balance</i>	28,888	28,888	81,183	52,295
<i>Fund Balance Beginning of Year</i>	529,363	529,363	529,363	0
Prior Year Encumbrances Appropriated	14,368	14,368	14,368	0
<i>Fund Balance End of Year</i>	<u>\$ 572,619</u>	<u>\$ 572,619</u>	<u>\$ 624,914</u>	<u>\$ 52,295</u>

See accompanying notes to the basic financial statements.

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Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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, 2019

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 are the Health District's major governmental funds:

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 Sewage Program Fund is a special Environmental Health Division fund established per ORC 3718.06. The Sewage Program Fund accounts for fees collected for Household Sewage Treatment Systems (HSTS) including installation permits, operation permits, and alteration permits which are deposited in this fund and used exclusively by the Board in carrying out HSTS activities.

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.

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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 custodial 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, 2019

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. Deposit and investment 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

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Long-Term Obligations

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

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.

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.

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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 Statements of Receipts, Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and Sewage Program 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 \$162,278 for the general fund and \$11,110 for the sewage program 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 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

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. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

The full tax rate for all Health District operations for the year ended December 31, 2019, was \$0.97 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2019 property tax receipts were based are as follows:

Real Property	\$ 4,989,358,240
Public Utility Property	<u>193,275,230</u>
Total Assessed Values	<u>\$ 5,182,633,470</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, 2019, PEP retained \$500,000 for casualty claims and \$250,000 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.

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Medina County Combined General Health District
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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, 2019:

	<u>2019</u>
Assets	\$ 54,973,597
Liabilities	<u>(16,440,940)</u>
Net Position	<u>\$ 38,532,657</u>

At December 31, 2019, the liabilities above include approximately \$14.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 of unpaid claims to be billed to approximately 553 members in 2019. 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 \$24,255 to PEP in 2019.

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

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

The net pension liability and the net OPEB liability represent the Health District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Health District's obligation for this liability to annually required payments. The Health District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Health District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note 7 for the OPEB disclosures.

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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While members (e.g. Health District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

Medina County Combined General Health District
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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):

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA will continue to be a three 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 (CPI), capped at three percent.

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

Medina County Combined General Health District
Medina County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	0.00 %
Total Employer	14.00 %
Employee	10.00 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's contractually required contribution was \$518,121 for 2019.

Pension Liability

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The Health District's proportion of the net pension liability was based on the Health District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the Health District's defined benefit pension plans:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Period	0.027364%
Prior Measurement Period	0.025445%
Change in Proportion	0.001919%
Proportionate Share of the Net Pension Liability	\$ 7,494,445

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Medina County Combined General Health District
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018 are presented below.

Valuation Date	December 31, 2018
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Investment Rate of Return	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described table.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

Medina County Combined General Health District

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	<u>18.00</u>	<u>5.50</u>
Total	<u>100.00 %</u>	<u>5.95 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Health District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Health District’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20 percent, as well as what the Health District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Health District's Proportionate Share of the Net Pension Liability	\$ 11,071,474	\$ 7,494,445	\$ 4,521,901

Social Security

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

Medina County Combined General Health District

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Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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, 2019.

Note 7 - Defined Benefit OPEB Plans

See Note 6 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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.

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent 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 2019 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 2019.

OPEB Liability

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The Health District's proportion of the net OPEB liability was based on the Health District's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Period	0.028289%
Prior Measurement Period	0.026010%
Change in Proportion	<u>0.002279%</u>
Proportionate Share of the Net OPEB Liability	\$ 3,688,218

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single Discount Rate:	
Current Measurement Date	3.96 percent
Prior Measurement Date	3.85 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent initial, 3.25 percent ultimate in 2029
Actuarial Cost Method	Individual entry age normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trusts	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Health District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the Health District's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the Health District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
Health District's Proportionate Share of the Net OPEB Liability	\$ 4,718,605	\$ 3,688,218	\$ 2,868,787

Sensitivity of the Health District's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Health District's Proportionate Share of the Net OPEB Liability	\$ 3,545,177	\$ 3,688,218	\$ 3,852,962

Note 8 – 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 9 – Leases

The Health District leases equipment and building space. The Health District disbursed \$8,959 to pay lease costs for the year ended December 31, 2019.

Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 30,812
2021	28,985
2022	<u>8,254</u>
Total	<u>\$ 68,051</u>

Medina County Combined General Health District

Medina County, Ohio

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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:

	<u>General</u>	<u>Sewage Program</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for:				
Environmental Health	\$ 0	\$ 636,024	\$ 518,491	\$ 1,154,515
WIC	0	0	45,783	45,783
Community Health	0	0	8,938	8,938
Total Restricted	<u>0</u>	<u>636,024</u>	<u>573,212</u>	<u>1,209,236</u>
Committed to:				
Health Benefits	129,209	0	0	129,209
Retirement	944,462		0	944,462
Capital Outlay	591,248		0	591,248
Total Committed	<u>1,664,919</u>	<u>0</u>	<u>0</u>	<u>1,664,919</u>
Assigned for:				
Encumbrances:				
Public Health Nursing	3,942	0	0	3,942
Health Center	70,050	0	0	70,050
Environmental Health	9,492	0	0	9,492
Community Health	12,260	0	0	12,260
Administrative Services	62,460	0	0	62,460
Subsequent Year Appropriations	1,570,249		0	1,570,249
Total Assigned	<u>1,728,453</u>	<u>0</u>	<u>0</u>	<u>1,728,453</u>
Unassigned	<u>1,096,700</u>	<u>0</u>	<u>0</u>	<u>1,096,700</u>
Total Fund Balance	<u>\$ 4,490,072</u>	<u>\$ 636,024</u>	<u>\$ 573,212</u>	<u>\$ 5,699,308</u>

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed through Ohio Department of Health</i>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	05210011WA1219	\$327,877
		05210011WA1320	82,769
Total Special Supplemental Nutrition Program for Women, Infants, and Children			<u>410,646</u>
Total U.S. Department of Agriculture			<u>410,646</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Direct Program</i>			
Health Center Program	93.224	H80CS33658	156,902
<i>Passed through Ohio Department of Health</i>			
Family Planning Services	93.217	05210011RH0319	16,746
	93.217	05210011RH0420	18,847
Total Family Planning Services			<u>35,593</u>
Maternal and Child Health Services Block Grant to the States	93.994	05210011RH0420	2,039
Immunization Cooperative Agreements	93.268	05210012GV0119	29,682
		05210012GV0220	19,247
Total Immunization Cooperative Agreements			<u>48,929</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	05210012PH1019	101,600
		05210012PH1120	71,457
Total Hospital Preparedness Program (HPP) and Public Health Emergency (PHEP) Aligned Cooperative Agreements			<u>173,057</u>
Office of Smoking and Health-National State-Based Tobacco Control Programs	93.305	05210014TU0320	7,142
Total U.S. Department of Health and Human Services			<u>423,662</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed through Ohio Department of Public Safety</i>			
State and Community Highway Safety	20.600	SC-2019-52-00-00-00034-00	34,682
		SC-2020-52-00-00-00043-00	6,062
Total State and Community Highway Safety			<u>40,744</u>
Total U.S. Department of Transportation			<u>40,744</u>
<u>CENTERS FOR DISEASE CONTROL AND PREVENTION</u>			
<i>Passed through Ohio Department of Health</i>			
Injury Prevention and Control Research and State and Community Based Programs - Drug Overdose Prevention	93.136	05210014DR0120	500
Total Center for Disease Control and Prevention			<u>500</u>
Total			<u><u>\$875,552</u></u>

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

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Medina County Combined General Health District, Medina County, Ohio (the District's) under programs of the federal government for the year ended December 31, 2019. 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 District, it is not intended to and does not present the financial position or changes in net position of the 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The 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
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, each 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 11, 2020, 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 11, 2020

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Health:

Report on Compliance for the Major Federal Program

We have audited the Medina County Combined General Health District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Medina County Combined General Health District's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Medina County Combined General Health District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with 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 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.



Keith Faber
Auditor of State

Columbus, Ohio

September 11, 2020

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA 10.557
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT

MEDINA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/24/2020

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This report is a matter of public record and is available online at
www.ohioauditor.gov