MEDINA COUNTY GOMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2010

Dave Yost • Auditor of State

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Health:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio (the District), as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio, as of December 31, 2010, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards.* You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dave Yost
Auditor of State

March 22, 2011

The discussion and analysis of the Medina County Combined General Health District's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2010, 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 2010 are as follows:

- Net assets increased $475,718, or 14.7% from 2009. The increase was mainly due to an increase in grant funding for emergency preparedness, and the deletion of debt payment for the building which annually was $300,000 for the principal and interest.

- Program specific receipts in the form of charges for services and operating grants and contributions comprise $3,334,380 of the Health District's receipts, making up 50.2% of all the dollars coming into the District. This is an increase from 2009 of $316,630. General receipts in the form of property taxes, unrestricted grants, and other revenue make up the other 49.8%. Overall cash receipts increased $253,423 or 8.31% from 2009.

- The Health District had $6,162,695 in disbursements during 2010, an increase of $356,415 from 2009. The majority of the increase was due to the H1N1 outbreak and the costs associated with providing over 25,000 vaccinations within the county. The Emergency Preparedness Grant funding the H1N1 outbreak is reported under Health Promotion. A decrease of $299,678 in the Debt Service program was an offset to the increase in total expenditures during 2010.

- There were no large capital expenditures made to the building in 2010.

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 Assets – 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.

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 assets and the statement of activities reflect how the Health District did financially during 2010, within the limitations of the cash basis of accounting. The Statement of Net Assets – 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 Assets – Cash Basis, and the Statement of Activities – Cash Basis present governmental activities, which include all the Health District's services. The Health District has no business-type activities.

Reporting the Health District's Most Significant Funds

Fund Financial Statements

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

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

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

The Health District as a Whole

Table 1 provides a summary of the Health District's net assets for 2010 compared to 2009 on a cash basis:

TABLE 1
Net Assets

	Governmental Activities		
	2010	2009	Change
Assets			
Equity in pooled cash	$ 3,713,522	$ 3,237,804	$ 475,718
Net Assets			
Restricted for special purposes	916,479	862,844	53,635
Unrestricted	2,797,043	2,374,960	422,083
Total Net Assets	$ 3,713,522	$ 3,237,804	$ 475,718

Net assets increased $475,718 from 2009. The increase was due primarily to the termination of debt service, and the increase in grant, property tax, and charges for service revenues from 2009 to 2010.

Table 2 reflects the change in net assets in 2010, and provides a comparison to 2009 amounts:

Table 2
Changes in Net Assets

	Governmental Activities 2010	Governmental Activities 2009	Change 2009 to 2010
Cash Receipts:			
Program cash receipts			
Charges for services	$ 2,101,620	$ 2,009,148	$ 92,472
Operating grants & contributions	1,232,760	1,008,602	224,158
Total Program Cash Receipts	3,334,380	3,017,750	316,630
General cash receipts			
Property & other local taxes	2,564,950	2,597,087	(32,137)
Grants & entitlements	628,725	347,351	281,374
Miscellaneous	110,358	106,172	4,186
Total General Cash Receipts	3,304,033	3,050,610	253,423
Total Cash Receipts	6,638,413	6,068,360	570,053
Cash Disbursements			
Public Health Nursing	1,827,337	1,797,640	29,697
Public Health Dental	728,842	678,594	50,248
Environmental Health	1,345,830	1,238,708	107,122
WIC	412,954	355,002	57,952
Health Promotion	787,836	530,908	256,928
Capital Outlay	70,468	11,470	58,998
Debt Service	-	299,678	(299,678)
Administration	989,428	894,280	95,148
Total Cash Disbursements	6,162,695	5,806,280	356,415
Excess of cash receipts over cash disbursements	475,718	262,080	213,638
Net Assets, Beginning of the Year	3,237,804	2,975,724	262,080
Net Assets, End of the Year	$ 3,713,522	$ 3,237,804	$ 475,718

In 2010, program receipts accounted for 50.2% of the Health District's total receipts. These receipts consist primarily of charges for services for birth and death certificates, food service licenses, vending, campgrounds, trailer parks, swimming pools and spas, septic and water system permits, dental and nursing services, and state and federal operating grants and donations. 49.8% of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for general health district purposes.

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Health District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Nursing (30%), Dental (12%), Environmental (22%), WIC (7%), Health Promotion (13%), and Administration which includes Vital Statistics (16%), which account for the majority of all governmental disbursements.

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

Table 3

Governmental Activities	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Public Health Nursing	$1,827,337	$1,183,070	1,797,640	$1,174,884
Public Health Dental	728,842	144,058	678,594	30,506
Environmental Health	1,345,830	464,170	1,238,708	472,886
WIC	412,954	(123,990)	355,002	(47,042)
Health Promotion	787,836	283,984	530,908	108,603
Capital Outlay	70,468	70,468	11,470	11,470
Debt Service	-	-	299,678	299,678
Administration	989,428	806,555	894,280	737,545
Total Governmental Activities	$6,162,695	$2,828,315	$5,806,280	$2,788,530

The Health District has tried to limit its total dependence upon property taxes and local subsidies by actively pursuing Federal and State grants, and charging rates for services that are closely related to costs. 41.6% of the Health District costs are supported through property taxes. The District continues to update the charges for all its services, and has updated and added to the billing staff in order to make sure that all reimbursements due to the District from Medicare, Medicaid, private insurance, and fees paid are adequately collected.

35% of the Nursing Program was covered by grants and charges for services. Most of the Environmental Health programs are self-supporting through charges for services. The Dental Clinic charges for services and grant funding amounted to 80% of its total operational costs. Health Promotion with emergency planning costs was 64% funded by local intergovernmental grants and a federal grant. The WIC program is 100% self-supported with a federal grant.

The Health District's Funds

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

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

At the end of 2010, the Health District's governmental funds reported total ending fund balances of $3,713,522. $3,490,398 of the total is an unreserved fund balance, which is available for spending. The remainder $223,124 of the fund balance is reserved to indicate it is not available for new spending.

While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets – Cash Basis due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The general fund is the chief operating fund of the Health District. At the end of 2010, unreserved fund balance in the general fund was $2,614,584. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total general fund disbursements. Unreserved fund balance represents 61.6 percent of the total general fund disbursements.

Receipts exceeded disbursements in the general fund by $558,593 in 2010. Charges for services including licenses, and permit fees account for 30.6 percent of receipts in the general fund. Unrestricted Intergovernmental receipts consist of homestead and rollback receipts and payments from other local agencies for services rendered by the Health District, 13.7% of general fund receipts. Together charges for services and intergovernmental receipts total 44.3% of general fund receipts.

The District's non-major funds include, the Women, Infants, and Children (WIC) special revenue fund which accounts for federal grant monies for the WIC program. WIC is a nutrition program for pregnant women, women who recently had a baby, breastfeeding moms, infants and children up to age five. WIC provides nutrition education and support, breastfeeding education and support, referrals to healthcare, immunization screenings and referrals, and supplemental foods. In 2010, the WIC program was funded with a total of $536,944, with an ending unrestricted balance of $194,503.

Another non-major fund, the Public Health Emergency Planning and Response (PHEP & PHER) special revenue funds accounts for federal grant monies for public health infrastructure and emergency planning efforts headquartered in the Health Promotion Division. The program is responsible for developing the Health District's emergency operation plan and all supporting documents, training, implementation, and exercise programs. Planning and preparedness are collaborative efforts done on a local level with the involvement of key partners in the Health District as well as regional partners. In 2010, the PHEP/PHER Grant funded a total of $473,909 to partially support the program operations for the Health District.

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 2010, the Health District amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant changes between the original and the final estimated receipts and appropriations.

Debt Administration

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

Contacting the Health District's Financial Management

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

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MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY
Statement of Net Assets - Cash Basis
December 31, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$3,713,522
Net Assets	
Restricted for:	
Capital Projects	$248,873
Other Purposes	667,606
Unrestricted	2,797,043
Total Net Assets	$3,713,522

See accompanying notes to the basic financial statements.

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

		Program Receipts		
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities				
Public Health Nursing	$1,827,337	$508,303	$135,964	($1,183,070)
Public Health Dental	728,842	528,784	56,000	(144,058)
Environmental Health	1,345,830	881,660		(464,170)
WIC	412,954		536,944	123,990
Health Promotion	787,836		503,852	(283,984)
Capital Outlay	70,468			(70,468)
Administration	989,428	182,873		(806,555)
Total Governmental Activities	$6,162,695	$2,101,620	$1,232,760	(2,828,315)
		General Receipts		
		Property Taxes Levied for:		
		General Health District Purposes		2,564,950
		Grants and Entitlements not Restricted to Specific Programs		628,725
		Miscellaneous		110,358
		Total General Receipts		3,304,033
		Change in Net Assets		475,718
		Net Assets Beginning of Year		3,237,804
		Net Assets End of Year		$3,713,522

See accompanying notes to the basic financial statements.

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$2,797,043	$916,479	$3,713,522
Fund Balances			
Reserved:			
Reserved for Encumbrances	$182,459	$40,665	$223,124
Unreserved:			
Undesignated, Reported in:			
General Fund	2,614,584		2,614,584
Special Revenue Funds		626,941	626,941
Total Fund Balances	$2,797,043	$916,479	$3,713,522

See accompanying notes to the basic financial statements.

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY
Statement of Cash Receipts, Cash Disbursements and Changes in
Cash Basis Fund Balances - Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Other Governmental Funds	Total Governmental Funds
Cash Receipts			
Property and Other Local Taxes	$2,564,950		$2,564,950
Intergovernmental	655,887	$1,202,817	1,858,704
Charges for Services	1,470,530	621,978	2,092,508
Gifts and Contributions	2,781		2,781
Rent	95,346		95,346
Miscellaneous	15,012	9,112	24,124
Total Cash Receipts	4,804,506	1,833,907	6,638,413
Cash Disbursements			
Public Health Nursing	1,692,603	134,734	1,827,337
Public Health Dental	670,842	58,000	728,842
Environmental Health	644,267	701,563	1,345,830
WIC		412,954	412,954
Health Promotion	248,773	539,063	787,836
Capital Outlay		70,468	70,468
Administration	989,428		989,428
Total Cash Disbursements	4,245,913	1,916,782	6,162,695
Excess of Receipts Over (Under) Disbursements	558,593	(82,875)	475,718
Other Financing Sources (Uses)			
Transfers In		135,510	135,510
Transfers Out	(135,510)		(135,510)
Advances In	45,000	46,000	91,000
Advances Out	(46,000)	(45,000)	(91,000)
Total Other Financing Sources (Uses)	(136,510)	136,510	-
Net Change in Fund Balances	422,083	53,635	475,718
Fund Balances Beginning of Year	2,374,960	862,844	3,237,804
Fund Balances End of Year	$2,797,043	$916,479	$3,713,522
Reserve for encumbrances	$182,459	$40,665	$223,124

See accompanying notes to the basic financial statements.

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT

MEDINA COUNTY

Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	$2,686,280	$2,688,629	$2,564,950	($123,679)
Intergovernmental	686,912	687,513	655,887	(31,626)
Charges for Services	1,540,091	1,541,437	1,470,530	(70,907)
Gifts and Contributions	2,913	2,915	2,781	(134)
Rent	99,856	99,943	95,346	(4,597)
Miscellaneous	15,722	15,736	15,012	(724)
Total Receipts	5,031,774	5,036,173	4,804,506	(231,667)
Disbursements				
Current:				
Public Health Nursing	2,116,423	2,127,223	1,764,042	363,181
Public Health Dental	709,107	778,107	700,767	77,340
Environmental Health	769,352	770,352	666,439	103,913
Health Promotion	345,282	385,282	259,598	125,684
Administration	1,669,124	1,548,324	1,037,529	510,795
Total Cash Disbursements	5,609,288	5,609,288	4,428,375	1,180,913.00
Excess of Receipts Over (Under) Disbursements	(577,514)	(573,115)	376,131	949,246.00
Other Financing Sources (Uses)				
Transfers Out	(254,000)	(254,000)	(135,510)	118,490
Advances In	45,000	45,000	45,000	
Advances Out	(46,000)	(46,000)	(46,000)	
Proceeds from Sale of Capital Assets	-	-	-	
Total Other Financing Sources (Uses)	(255,000)	(255,000)	(136,510)	118,490
Net Change in Fund Balances	(832,514)	(828,115)	239,621	1,067,736
Prior Year Encumbrances Appropriated	226,088	226,088	226,088	
Fund Balances Beginning of Year	2,148,872	2,148,872	2,148,872	
Fund Balances End of Year	$1,542,446	$1,546,845	$2,614,581	$1,067,736

See accompanying notes to the basic financial statements.

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Note 1 – Reporting Entity

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

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

A. Primary Government

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

B. Component Units

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization's governing board and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization's resources; or the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Health District, are accessible to the Health District and are significant in amount to the Health District. The Health District has no component units.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Health District's accounting policies.

A. Basis of Presentation

The Health District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Note 2 - Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net assets 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.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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

The other governmental funds of the Health District account for grants and other resources whose use is restricted for a particular purpose.

Note 2 - Summary of Significant Accounting Policies (continued)

Trust funds are used to account for assets held by the Health District under a trust agreement for individuals, private organizations, or other governments and are not available to support the Health District's own programs. The Health District did not have any trust funds in 2009. Agency funds are purely custodial in nature and are used to account for assets held by the Health District. The Health District did not have any agency funds in 2010.

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (continued)

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board of Health during the year.

E. Cash and Investments

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

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

Note 2 - Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

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

M. Net Assets

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

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

There are no net assets restricted by enabling legislation.

N. Fund Balance Reserves

The Health District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

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

P. Estimates

The cash basis of accounting used by the Health District requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Note 3 - Budget Basis of Accounting

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

General Fund	$182,459

Note 4 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Health District. Property tax receipts received in 2010 for real and public utility property taxes represents collections of the 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) is for 2010 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed values as of January 1, 2010 the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien on December 31, 2009, are levied after October 1, 2010 and are collected in 2011 with real property taxes.

The full tax rate for all Health District operations for the year ended December 31, 2010 was $1.00 per $1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

Real Property	$4,612,178,570
Public Utility Property	83,139,220
Tangible Personal Property	3,761,070
Total Assessed Values	$4,699,078,860

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 the 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, 2009 (the latest information available), PEP retained $350,000 for casualty claims and $100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	2009	2008
Assets	$36,374,898	$35,769,535
Liabilities	(15,256,862)	(15,310,206)
Net Assets	$21,118,036	$20,459,329

Note 5 - Risk Management (continued)

At December 31, 2009 and 2008, respectively, the liabilities above include approximately $14.1 million and $13.7 million of estimated incurred claims payable. The assets above also include approximately $13.7 million and $12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Government's share of these unpaid claims collectible in future years is approximately $28,103.

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

	Contributions to PEP
2008	$31,591
2009	$30,862
2010	$29,897

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

Note 6 - Defined Benefit Pension Plans

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

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

Note 6 - Defined Benefit Pension Plans (continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2010, member and employer contribution rates were consistent across all three plans.

The District's 2010 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Health District's required contributions for pension obligations to OPERS for the employee's traditional, combined, or self-directed plans for the years ended December 31, 2010, 2009, and 2008 were $326,966, $297,348, and $225,673, respectively. The full amount has been contributed for 2010, 2009, and 2008. Contributions to the member-directed plan are available upon request.

Note 7 – Post-employment Benefits

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

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

Note 7 – Post-employment Benefits (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

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

The Health District's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were $181,648, $192,402, and $225,673 respectively; 100 percent has been contributed for 2010, 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Note 9 – Bonds Payable

There was no Debt activity for the year ended at December 31, 2010. The General Obligation Limited Tax Bonds County of Medina, Ohio Health District Faciltity Bonds were paid in full in December, 2009. These were General obligation limited tax bonds issued by Medina County for the purchase of the Health District facility, which is now owned free and clear.

Note 10 - Interfund Transfers

During 2010 the following net transfers were made:

Transfers from the General Fund to:	
Other Governmental Fund	$135,510

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 11 – 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.

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Ohio Department of Health			
Special Supplemental Nutrition Program for Women, Infants, and Children	05210011WA0310	10.557	$314,077
	05210011WA0411		98,881
Total U.S. Department of Agriculture			412,958
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Ohio Department of Health			
Maternal and Child Health Services Block Grant to the States	05210011MC0310	93.994	19,732
	05210011MC0411		47,803
Total Maternal and Child Health Services Block Grant to the States			67,535
Grants for Dental Public Health Residency Training	05210011SC0310	93.236	23,000
Immunization Grants	05210012IM0310	93.268	34,340
Passed through Ohio Department of Health Center for Disease Control and Prevention			
Public Health Emergency Preparedness	05210012PH0110	93.069	486,775
	05210012PH0211		46,451
Total Public Health Emergency Preparedness			533,226
Total U.S. Department of Health and Human Services			658,101
Total			**$1,071,059**

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

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY

NOTE TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Medina County Combined General Health District, Medina County, Ohio, (the District) as of and for the year ended December 31, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 22, 2011, wherein, we noted the District follows the cash basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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*.

We intend this report solely for the information and use of management, the Board of Health, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

Dave Yost
Auditor of State

March 22, 2011

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Health:

Compliance

We have audited the compliance of the Medina County Combined General Health District, Medina County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Medina County Combined General Health District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 22, 2011.

We intend this report solely for the information and use of management, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Dave Yost
Auditor of State

March 22, 2011

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT
MEDINA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2010

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses 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 internal control weaknesses 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 Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Public Health Emergency Preparedness CFDA #93.069
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

MEDINA COUNTY COMBINED GENERAL HEALTH DISTRICT

MEDINA COUNTY

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 5, 2011

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
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