



Dave Yost • Auditor of State



**MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MAHONING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Mahoning County District Board of Health  
Mahoning County  
50 Westchester Drive  
Youngstown, Ohio 44515

To the Members of the Board:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mahoning County District Board of Health, Mahoning County, Ohio (the Health District), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for 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 Health District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Health District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mahoning County District Board of Health, Mahoning County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General and Federal Grants funds 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, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the Health District's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position and changes in net position. This information provides additional analysis and is not a required part of the basic financial statements.

The Federal Awards Expenditure Schedule (the "Schedule") also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the 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, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and 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 15, 2014, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Health District's internal control over financial reporting and compliance.

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

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

September 15, 2014

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MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED

The discussion and analysis of Mahoning County District Board of Health's (The "Health District") financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2013, within the limitations of the Health District's cash basis 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 enhance their understanding of the Health District's financial performance.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

- The net position of the Health District were \$1,517,043 at the close of the year ended December 31, 2013. Of this amount, \$1,133,425 is unrestricted and may be used to meet the Health District's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,102,041, or about 38% of total General Fund expenditures and other financing uses.
- The Health District's total net position increased by \$117,094, which represents an 8% increase from 2012.
- The Health District had \$5,767,600 in receipts and \$5,650,506 in disbursements in 2013.

**Using the Basic Financial Statements**

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

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

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

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.

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED

**Reporting the Health District as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the Health District did financially during 2013, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the Health District at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. 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 cash 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 nonfinancial factors as well such as the Health District's property tax base, the condition of the Health District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

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 had 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 funds of the Health District fall into the governmental fund category.

Governmental Funds - All of 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 governmental funds are presented on the financial statements by governmental fund type. The Health District's governmental funds are the General Fund and the following special revenue funds: Federal Grants Fund, Mixed Grants Fund, Food Service Fund, Camps Fund, Landfill Fund, Well Water Fund, Pools Fund, Install Permits Fund, Ground Water Monitoring Fund, TB Clinic Fund, and Construction Demolition and Debris 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 2013 compared to 2012 on a cash basis:

As mentioned previously, net position increased \$117,094. The increase is due primarily to an increase in unspent federal grant funds, including money set aside to fund future employee separation payouts.

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED

**Table 1**  
**Net Position**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
Equity in pooled cash and investments at fair value	\$1,517,043	\$1,399,949
<b>Net Position</b>		
Restricted	383,618	241,265
Unrestricted	1,133,425	1,158,684
<i>Total Net Position</i>	<u>\$1,517,043</u>	<u>\$1,399,949</u>

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
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Table 2 reflects the changes in net position for 2013 compared to 2012.

**Table 2**  
**Changes in Net Position**

	<u>2013</u>	<u>2012</u>
<i>Program Cash Receipts</i>		
Charges for Services, Fines, Licenses & Permits	\$ 2,533,160	2,294,371
Grants and Apportionments	2,061,326	1,172,794
<i>General Receipts</i>		
Property Taxes	1,052,340	1,045,048
Miscellaneous Revenue	<u>110,983</u>	<u>122,518</u>
<i>Total Receipts</i>	<u>5,757,809</u>	<u>4,634,731</u>
 <b><i>Disbursements</i></b>		
Health & Capital Outlay	<u>5,362,688</u>	<u>4,377,374</u>
<i>Total Disbursements</i>	<u>5,362,688</u>	<u>4,377,374</u>
 Change in Net Position before Other Financing Receipts (Disbursements)	 395,121	 257,357
 Sale of Assets and Remittances to Other Government Agencies	 <u>(278,027)</u>	 <u>(354,180)</u>
 <i>Change in Net Position</i>	 117,094	 (96,823)
 Net Position Beginning of Year	 <u>1,399,949</u>	 <u>1,496,772</u>
Net Position End of Year	<u>\$ 1,517,043</u>	<u>1,399,949</u>

The Health District's direct charges to users of health services were the largest source of receipts accounting for 46% of total receipts in 2013. These receipts consist primarily of charges for services for vaccinations, food service licenses, and various permits such as plumbing, sewage systems, camps, pools and spas. Grants and apportionments were the second largest source of receipts accounting for 38% of total receipts in 2013. Property taxes accounted for 19% of total receipts. Miscellaneous revenue consists of donations, reimbursements, charges for copies, and other miscellaneous receipts.

**Governmental Activities**

If you look at the first column of the Statement of Activities – Cash Basis, you will see that the services provided by the Health District are health related. The second column (Cash Disbursements) shows the cost of providing these services. The next two columns entitled Program Cash Receipts identify amounts paid by people who are directly charged for health services and grants received by the Health District that must be used to provide a specific service. The last 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

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013  
UNAUDITED

municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the statement.

The Health District has tried to limit its dependence upon property taxes and local subsidies by actively pursuing grants and charging rates for services that are closely related to costs.

**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 2013, the Health District's governmental funds reported total ending fund balances of \$1,517,043. \$1,112,318 of the total is unassigned fund balance, which is available for spending. The remainder of fund balance is restricted, committed, or assigned to indicate it is not available for new spending. \$383,618 is classified as restricted for constraints imposed by grant agreements, a tuberculosis control levy, amounts due to the State of Ohio, and State legislation for a construction demolition and debris fee. \$13,416 is classified as committed for encumbrances related to contractual obligations, and \$7,691 is assigned to encumbrances unrelated to contractual obligations.

The General Fund is the chief operating fund of the Health District. At the end of 2013, unassigned fund balance in the General Fund was \$1,102,041. The total fund balance of the General Fund decreased \$27,811 during 2013 to \$1,123,148 at year-end. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund disbursements. Unassigned fund balance represents 39% of the total General Fund disbursements.

The governmental funds had total receipts of \$5,767,600 and disbursements of \$5,650,506. The governmental funds had an increase in cash balance of \$117,094.

**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 2013, the Health District amended the General Fund budget several times.

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

This financial report is designed to provide our citizens and taxpayers 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 the Mahoning County Auditor, 120 Market Street, Youngstown, OH 44503.

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**Mahoning County District Board of Health**

*Statement of Net Position - Cash Basis*

*December 31, 2013*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,517,043</u>
<i>Total Assets</i>	<u><u>\$1,517,043</u></u>
<b>Net Position</b>	
Restricted for:	
Grants	\$230,189
License Fees Due to the State	1,688
TB Control	50,887
Construction Demolition & Debris	100,854
Unrestricted	<u>1,133,425</u>
<i>Total Net Position</i>	<u><u>\$1,517,043</u></u>

See accompanying notes to the basic financial statements

**Mahoning County District Board of Health**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2013

	Program Cash			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Current:				
Health	\$5,306,773	\$2,533,160	\$2,061,326	(712,287)
Capital Outlay	55,915			(55,915)
<i>Total Governmental Activities</i>	<u>\$5,362,688</u>	<u>\$2,533,160</u>	<u>\$2,061,326</u>	<u>(768,202)</u>
General Receipts:				
Property Taxes Levied for General Purposes				1,052,340
Sale of Capital Assets				8,658
Miscellaneous				110,983
Remittances to Other Government Agencies				<u>(286,685)</u>
<i>Total General Receipts and Remittances</i>				<u>885,296</u>
Change in Net Position				117,094
<i>Net Position Beginning of Year (Restated - Note 3)</i>				<u>1,399,949</u>
<i>Net Position End of Year</i>				<u>\$1,517,043</u>

See accompanying notes to the basic financial statements

**Mahoning County District Board of Health**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2013*

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,123,148	\$201,311	\$192,584	\$1,517,043
<i>Total Assets</i>	<u>\$1,123,148</u>	<u>\$201,311</u>	<u>\$192,584</u>	<u>\$1,517,043</u>
<b>Fund Balances</b>				
Restricted		\$201,311	\$182,307	\$383,618
Committed	\$13,416			13,416
Assigned	7,691			7,691
Unassigned	1,102,041		10,277	1,112,318
<i>Total Fund Balances</i>	<u>\$1,123,148</u>	<u>\$201,311</u>	<u>\$192,584</u>	<u>\$1,517,043</u>

See accompanying notes to the basic financial statements

**Mahoning County District Board of Health**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2013*

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$897,102		\$155,238	\$1,052,340
Charges for Services and Fees	1,280,220	\$9,654	176,738	1,466,612
Fines, Licenses and Permits	396,506		671,175	1,067,681
Intergovernmental	126,482	1,630,520	304,324	2,061,326
Miscellaneous	110,586		397	110,983
<i>Total Receipts</i>	<u>2,810,896</u>	<u>1,640,174</u>	<u>1,307,872</u>	<u>5,758,942</u>
<b>Disbursements</b>				
Current:				
Health	2,795,818	1,497,249	1,014,839	5,307,906
Capital Outlay	51,547	4,081	287	55,915
<i>Total Disbursements</i>	<u>2,847,365</u>	<u>1,501,330</u>	<u>1,015,126</u>	<u>5,363,821</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,469)</u>	<u>138,844</u>	<u>292,746</u>	<u>395,121</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	8,658			8,658
Remittances to Other Government Agencies			(286,685)	(286,685)
<i>Total Other Financing Sources (Uses)</i>	<u>8,658</u>	<u>0</u>	<u>(286,685)</u>	<u>(278,027)</u>
<i>Net Change in Fund Balances</i>	(27,811)	138,844	6,061	117,094
<i>Fund Balances, January 1 (Restated - Note 3)</i>	<u>1,150,959</u>	<u>62,467</u>	<u>186,523</u>	<u>1,399,949</u>
<i>Fund Balances, December 31</i>				
Restricted		201,311	182,307	383,618
Committed	13,416			13,416
Assigned	7,691			7,691
Unassigned	1,102,041		10,277	1,112,318
<i>Fund Balances, December 31</i>	<u>\$1,123,148</u>	<u>\$201,311</u>	<u>\$192,584</u>	<u>\$1,517,043</u>

See accompanying notes to the basic financial statements

**Mahoning County District Board of health**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$891,330	\$891,330	\$897,102	\$5,772
Charges for Services	1,043,959	1,033,959	1,280,220	246,261
Fines, Licenses and Permits	287,175	287,175	396,506	109,331
Intergovernmental	135,078	135,078	126,482	(8,596)
Miscellaneous	112,260	112,260	110,586	(1,674)
<i>Total Receipts</i>	<u>2,469,802</u>	<u>2,459,802</u>	<u>2,810,896</u>	<u>351,094</u>
<b>Disbursements</b>				
Current:				
Health	2,873,302	3,494,658	2,795,818	698,840
Capital Outlay	31,000	65,273	51,547	13,726
<i>Total Disbursements</i>	<u>2,904,302</u>	<u>3,559,931</u>	<u>2,847,365</u>	<u>712,566</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(434,500)</u>	<u>(1,100,129)</u>	<u>(36,469)</u>	<u>1,063,660</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	8,658	8,658
Transfers In	434,500	441,450	0	(441,450)
<i>Total Other Financing Sources (Uses)</i>	<u>434,500</u>	<u>441,450</u>	<u>8,658</u>	<u>(432,792)</u>
<i>Net Change in Fund Balance</i>	0	(658,679)	(27,811)	630,868
<i>Unencumbered Fund Balance Beginning of Year</i>	1,139,950	1,139,950	1,139,950	0
Prior Year Encumbrances Appropriated	11,009	11,009	11,009	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,150,959</u>	<u>\$492,280</u>	<u>\$1,123,148</u>	<u>\$630,868</u>

See accompanying notes to the basic financial statements

**Mahoning County District Board of health**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Federal Grants Fund*  
*For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Charges for Services	0	8,000	9,654	1,654
Intergovernmental	82,347	1,805,021	1,630,520	(174,501)
<i>Total Receipts</i>	<u>82,347</u>	<u>1,813,021</u>	<u>1,640,174</u>	<u>(172,847)</u>
<b>Disbursements</b>				
Current:				
Health	82,347	1,833,731	1,497,249	336,482
Capital Outlay	0	4,081	4,081	0
<i>Total Disbursements</i>	<u>82,347</u>	<u>1,837,812</u>	<u>1,501,330</u>	<u>336,482</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>(24,791)</u>	<u>138,844</u>	<u>163,635</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	0	(34,032)	0	34,032
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(34,032)</u>	<u>0</u>	<u>34,032</u>
<i>Net Change in Fund Balance</i>	0	(58,823)	138,844	197,667
<i>Unencumbered Fund Balance Beginning of Year</i>	43,197	43,197	43,197	0
Prior Year Encumbrances Appropriated	19,270	19,270	19,270	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$62,467</u>	<u>\$3,644</u>	<u>\$201,311</u>	<u>\$197,667</u>

See accompanying notes to the basic financial statements

Mahoning County District Board of Health  
Mahoning County  
Notes to the Financial Statements  
For the Year Ended December 31, 2013

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**Note 1 – Reporting Entity**

The Mahoning County District Board of Health (the “Health District”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A five-member Board of Health appointed by the District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District.

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

**Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Health District. The Health District’s services include communicable disease investigations, immunization clinics, inspections, public health nursing services and the issuance of health-related licenses and permits, and emergency response planning.

**Joint Ventures and Public Entity Risk Pools**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Health District does not report assets for equity interests in joint ventures. The Health District participates in a joint venture which is presented in Note 15.

The Health District participates in a public entity risk pool. A description of the public entity risk pool is presented in Note 8.

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 the “Basis of Accounting” section of this note, 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. The statements 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.

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The Statement of Net Position presents the cash balance 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 or business activity 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.

#### **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. All funds of the Health District are presented in the governmental funds category.

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

**General Fund** - The General Fund accounts for and reports all financial resources not accounted for and reported 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.

**Federal Grants Special Revenue Fund** – This fund accounts for and reports federal grants received by the Health District. Separate cost centers are established to account for each federal grant within this fund.

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

**Fiduciary Funds** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Health District under a trust agreement for individuals, private organizations, or other governments and are not available to support the Health District's own programs. The Health District did not have any trust funds in 2013. 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 2013.

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**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 expenses and liabilities) are not recorded in these financial statements.

**Budgetary Process**

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

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated 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 Health District 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 statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Health District.

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 budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriations passed by the Health District during the year.

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**Cash and Investments**

The Mahoning 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 County:

Daniel R. Yemma  
Mahoning County Treasurer  
20 Market Street  
Youngstown, Ohio 44503  
330-740-2460

**Restricted Assets**

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

**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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**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 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 a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

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**Net Position**

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily include federal and state grant monies and a property tax levy for tuberculosis control.

The Health District's policy is to first apply restricted resources when an expense 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. It also includes the long-term amount of interfund loans.

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

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

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

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

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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 – Change in Accounting Principle and Restatement of Fund Balance**

In 2012, the Health District implemented Governmental Accounting Standard Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which was issued by the GASB on December 30, 2010, which significantly reduced the need to rely on sources outside of the GASB’s literature to locate the necessary accounting guidance for the governmental environment and GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Health District’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

**Restatement of Fund Balance** During 2013, it was determined that funds previously considered fiduciary funds and therefore not previously included in the Health District’s financial statements are actually special revenue funds which should be included in the Health District’s financial statements. Including these funds had the following effects on fund balance.

			<b>Other</b>	
	<b>General</b>	<b>Federal Grants</b>	<b>Governmental Funds</b>	<b>Net Position/ Total</b>
Fund Balance December 31, 2012	\$1,150,959	\$62,467	\$177,294	\$1,390,720
Addition of Funds Previously Considered Fiduciary Funds	0	0	9,229	9,229
Adjusted Fund Balance / Net Position December 31, 2012	\$1,150,959	\$62,467	\$186,523	\$1,399,949

**Note 4 - Budgetary Basis of Accounting**

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

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restricted, committed or assigned fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$21,107 for the General Fund, \$2,011 for the Federal Grants special revenue fund, and \$4,455 for the Other Governmental Funds.

**Note 5 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Health District. Property tax revenue received in 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semiannually. 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 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. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2013 with real property taxes.

The full tax rate for all Health District operations for the year ended December 31, 2013, was \$.28 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2013 property tax receipts were based are as follows:

Real Property	
Residential	\$2,339,113,970
Agriculture	146,061,910
Commercial/Industrial/Mineral	731,940,650
Public Utility Property	
Personal	130,638,700
Total Assessed Value	\$3,347,755,230
Plus Tax Loss Reimbursement *	30,164,631
Grand Total	\$3,377,919,861

\* Per ORC 3709.28 for Tax Loss Reimbursement (ORC 5727.86 (A) (1))

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.

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**Note 6 – Interfund Receivables/Payables**

Interfund balances at December 31, 2013, consisted of the following individual fund receivables and payables:

	<b>Receivable</b>	<b>Payable</b>
	Advance to Other Funds	Advance from Other Funds
<b>Major Funds</b>		
General Fund	\$39,000	
<b>Other Governmental Funds</b>		
TB Clinic Fund		39,000
<i>Total Governmental Activities</i>	39,000	39,000
<b>Total</b>	<b>\$39,000</b>	<b>\$39,000</b>

Interfund balances at December 31, 2013 consist of \$39,000 owed by the TB Clinic Fund to the General Fund. The General Fund advanced \$97,500 to the TB Clinic Fund in 2008 to cover expenditures related to placing a levy on the ballot. As of December 31, 2013, \$58,500 has been repaid to the General Fund. Advances to/from other funds are not expected to be repaid within one year.

**Note 7 - Risk Management**

The Health District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2013, the Health District contracted with the following companies for various types of insurance as follows:

The Health District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

The Health District manages employee health benefits for full-time employees on a self-insured basis. The employee health benefit plan provides basic health, prescription, and vision coverage through Medical Mutual, the third party administrator (TPA) of the program, which reviews and pays the claims. The 2013 monthly premiums were as follows:

Tier	Monthly Premium	Employee 10% Co-share	Health District Cost
Single	\$804.36	\$80.44	\$723.92
Employee & Children	\$1,495.08	\$149.51	\$1,345.57
Employee & Spouse	\$1,607.47	\$160.75	\$1,446.72
Family	\$1,712.44	\$171.24	\$1,541.20

The Health District provides dental, hearing, and life insurance and prescription co-pay reimbursement to all full-time employees through the Ohio AFSCME Care Plan. The monthly premium for these benefits is \$57.00 per employee which is paid entirely by the Health District.

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**Public Entity Pool**

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, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013:

<u>Casualty &amp; Property Coverage</u>	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Health District's share of these unpaid claims collectible in future years is approximately \$54,000.

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

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<b><u>Contributions to PEP</u></b>	
2012	\$27,227
2013	\$19,283

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

Type of Coverage	Coverage	Deductible
Public Entities Pool		
Blanket Real and Personal Property	\$479,900	\$500
Misc. Property (Inland Marine)	38,923	500
Equipment Breakdown	479,900	500
Legal Liability - Third Party Claims	2,000,000	1,000
Dishonesty	20,000	0
Automobile Liability	2,000,000	0
Electronic Data Processing Equipment	376,808	500
Wrongful Acts	2,000,000	1,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there was no significant reduction in coverage from the prior year.

**Note 8 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

Plan Description - The Health 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% 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.

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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 forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the state and local classifications. For the year ended December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll. The Health District paid 100% of the employee share to OPERS for its union employees per the collective bargaining agreement and Board authorization. Members in the state and local classifications may participate in all three plans. For 2013, member and employer contribution rates were consistent across all three plans.

The Health District's 2013 contribution rate was 14 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 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% for calendar year 2013. Employer contribution rates are actuarially determined.

The Health District's required contribution for pension obligations to the Traditional Pension Plan for the years ended December 31, 2013, 2012, and 2011 were \$531,251, \$453,638, and \$432,267, respectively. The Health District paid both the entire employee share and the employer share in all three years with the exception of some managers who pay their own employee share. The full amount has been contributed for 2013, 2012, and 2011. Contributions to the Member-Directed Plan for 2013 were \$3,859.

**Note 9 - Postemployment Benefits**

**Ohio Public Employees Retirement System (OPERS)**

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

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care 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 health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614- 222-5601 or 800-222-7377.

Funding Policy –The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.00% of covered payroll. This is the maximum

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employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Health District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$37,931, \$129,604, and \$123,499, respectively. 100 percent has been contributed for 2013, 2012, and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**Note 10 – Leases**

The Health District leases buildings and office equipment under noncancelable leases. The Health District disbursed \$278,503 to pay lease costs for the year ended December 31, 2013. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$230,699
2015	180,489
2016	180,489
2017	180,489
2017	<u>73,579</u>
Total	<u>\$845,745</u>

**Note 11 – Fund Balances**

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

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Fund Balances	General Fund	Federal Grants Fund	Other Governmental Funds	Total
<b>Restricted for</b>				
Tuberculosis Clinic	0	0	50,887	50,887
CFHS Grant	0	0	28,878	28,878
Public Health Emerg. Prep. Grant	0	1,905	0	1,905
Adult Day Services Grant	0	93,209	0	93,209
Immuniz. Action Plan Grant	0	18,997	0	18,997
WIC Grant	0	87,200	0	87,200
License Fees Due to the State	0	0	1,688	1,688
Construction Demolition & Debris	0	0	100,854	100,854
<i>Total Restricted</i>	<u>0</u>	<u>201,311</u>	<u>182,307</u>	<u>383,618</u>
<b>Committed to</b>				
Contracts	13,416	0	0	13,416
<i>Total Committed</i>	<u>13,416</u>	<u>0</u>	<u>0</u>	<u>13,416</u>
<b>Assigned to</b>				
Encumbrances	7,691	0	0	7,691
<i>Total Assigned</i>	<u>7,691</u>	<u>0</u>	<u>0</u>	<u>7,691</u>
Unassigned	1,102,041	0	10,277	1,112,318
<i>Total Fund Balances</i>	<u>\$1,123,148</u>	<u>\$201,311</u>	<u>\$192,584</u>	<u>\$1,517,043</u>

**Note 12 – 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 13 – Joint Venture**

**Mahoning County Family and Children First Council**

The Health District is a member of the Mahoning County Family and Children First Council (MCFFC) which was established on April 24, 1995 to promote the coordination and collaboration of services for children and families. A nominal annual fee of \$100 is charged for membership to offset operating expenses. MCFFC consists of an executive committee (state mandated members) and an Advisory Council that includes unlimited representatives from public/private service providers and family members.

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**MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MAHONING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 201'**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through Ohio Department of Health/ Youngstown Area Community Action Council:			
Special Supplemental Nutrition Program for Women, Infants and Children	05010011WA0113 05010011WA0214	<b>10.557</b>	\$ 774,018 185,260
Total U.S. Department of Agriculture			<b>959,278</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed Through State Department of Aging/ District XI Area Agency on Aging, Inc.:			
Title III, Part B - Grants for Supportive Services and Senior Center	FY-12-6352 FY-13-6352	<b>93.044</b>	3,683 22,159
Total CFDA # 93.044			<b>25,842</b>
Passed Through Ohio Department of Health:			
Public Health Emergency Preparedness	05010012PH0413 05010012PH0514	<b>93.069</b> <b>93.074</b>	101,177 70,560
Total CFDA # 93.069 / 93.074			<b>171,737</b>
Immunization Action Plan	05010012IM0112 05010012IM0213	<b>93.268</b>	15,132 69,879
Total CFDA # 93.268			<b>85,011</b>
Maternal and Child Health Services Block Grant to the States	05010011MC0613 05010011MC0714	<b>93.994</b>	134,063 27,268
Total CFDA # 93.994			<b>161,331</b>
Passed Through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program		<b>93.008</b>	<b>4,000</b>
Passed Through Trumbull County Health Department:			
Medical Reserve Corps Small Grant Program		<b>93.008</b>	<b>403</b>
Total CFDA # 93.008			<b>4,403</b>
Total U.S. Department of Health and Human Services			<b>448,324</b>
Total Federal Financial Assistance			<b>\$ 1,407,602</b>

*The accompanying notes are an integral part of this schedule.*

**MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE  
YEAR ENDED DECEMBER 31, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditure Schedule (the "Schedule") reports the Mahoning County District Board of Health's (the "Health District's") federal award programs' expenditures. The schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

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

**NOTE C – COMMINGLING OF FEDERAL, STATE AND LOCAL FUNDING**

Cash receipts from the U.S. Department of Health and Human Services are commingled with State and Local funding. It is assumed federal monies are expended first.



# Dave Yost • Auditor of State

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

Mahoning County District Board of Health  
Mahoning County  
50 Westchester Drive  
Youngstown, Ohio 44515

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mahoning County District Board of Health, Mahoning County, (the Health District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated September 15, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Health 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 Health 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 Health 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 Health 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 Health District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Health District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

September 15, 2014



# Dave Yost • Auditor of State

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

Mahoning County District Board of Health  
Mahoning County  
50 Westchester Drive  
Youngstown, Ohio 44515

To the Members of the Board:

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

We have audited the Mahoning County District Board of Health's (the Health District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Mahoning County District Board of Health's major federal program for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Health District's major federal program.

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

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

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

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

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

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

In our opinion, the Mahoning County District Board of Health 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, 2013.

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

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

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

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

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



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

September 15, 2014

**MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 10.557 – Special Supplemental Nutrition Program for Women, Infants and Children.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	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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# Dave Yost • Auditor of State

**MAHONING COUNTY DISTRICT BOARD OF HEALTH**

**MAHONING 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  
OCTOBER 2, 2014**