

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mahoning District Board of Health, Mahoning County, Ohio (the "Health District"), as of and for the year ended December 31, 2007, which collectively comprise the Health District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Health 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, each major fund, and the aggregate remaining fund information of the Mahoning District Board of Health, Mahoning County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Federal Grants, Mixed Grants, and TB Clinic funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2009, 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. 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.

We conducted our audit to opine on the financial statements that collectively comprise the Health District's basic financial statements. The federal awards expenditures schedule is required by 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. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 10, 2009

**MAHONING DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

The discussion and analysis of Mahoning District Board of Health's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2007, 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 2007 are as follows:

- The net assets of the Health District were \$973,680 at the close of the year ended December 31, 2007. Of this amount, \$608,275 (unrestricted net assets) may be used to meet the Health District's ongoing obligations to citizens and creditors. \$220,980 is classified as restricted for special revenue funds and \$144,425 is classified as restricted for general fund encumbrances.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$608,275, or about 18% of total General Fund expenditures and other financing uses.
- The Health District's total net assets decreased by \$164,261, which represents a 14% decrease from 2006.
- The Health District had \$4,807,661 in disbursements in 2007.

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.

**MAHONING DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

Basis of Accounting

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

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

Reporting the Health District as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Health District did financially during 2007, within the limitations of cash basis accounting. The Statement of Net Assets 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, condition of the Health District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as intergovernmental revenues.

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

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. The funds of the Health District fall into two categories: governmental and fiduciary.

**MAHONING DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Health District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Health District's programs.

The Health District as a Whole

Table 1 provides a summary of the Health District's net assets for 2007 compared to 2006 on a cash basis:

| Table 1 | |
|---|--------------------------------|
| Net Assets | |
| | Governmental Activities |
| | 2007 |
| | 2006 |
| Assets | |
| Equity in pooled cash and investments at fair value | \$973,680 |
| | \$1,137,941 |
| Net Assets | |
| Restricted: | |
| Special Revenue | 220,980 |
| General Fund restricted for encumbrances | 144,425 |
| Unrestricted | 608,275 |
| Total Net Assets | \$973,680 |
| | \$1,137,941 |

As mentioned previously, net assets decreased \$164,261. The decrease is due primarily to increased salaries and fringe benefits disbursements.

**MAHONING DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

Table 2 reflects the changes in net assets for 2007 compared to 2006.

**Table 2
Changes in Net Assets**

| | <u>2007</u> | <u>2006</u> |
|---|-------------------|------------------|
| <i>Program Cash Receipts</i> | | |
| Charges for Services | \$ 1,229,084 | 1,322,896 |
| Operating Grants and Contributions | 2,957,943 | 2,915,034 |
| <i>General Receipts</i> | | |
| Property Taxes | 178,472 | 180,333 |
| <i>Total Receipts</i> | <u>4,365,499</u> | <u>4,418,263</u> |
| | | |
| <i>Disbursements</i> | | |
| Health | 4,807,661 | 4,667,364 |
| <i>Total Disbursements</i> | <u>4,807,661</u> | <u>4,667,364</u> |
| | | |
| Change in Net Assets before Other Financing Sources (Uses) | (442,162) | (249,101) |
| | | |
| Transfers and Remittances | 277,901 | 217,867 |
| | | |
| <i>Change in Net Assets</i> | (164,261) | (31,234) |
| | | |
| Net Assets Beginning of Year | 1,137,941 | 1,169,175 |
| Net Assets End of Year | \$ <u>973,680</u> | <u>1,137,941</u> |

Operating grants and contributions were the largest source of receipts accounting for 68% of total receipts in 2007. The Health District's direct charges to users of health services were the second largest source of receipts and made up 28% of total receipts in 2007. These receipts consist primarily of charges for services for vaccinations, food service licenses, and various permits such as plumbing, sewage systems, mobile home parks, camps, pools and spas. Property taxes made up the other major source of revenue in 2007 and accounted for 4% of total receipts.

**MAHONING DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)**

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 all 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 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

The governmental funds had total receipts of \$4,365,499 and disbursements of \$4,807,661. The governmental funds had a decrease in the cash balance of \$164,261.

The fund balance of the General Fund decreased \$217,314 to \$752,699 at year-end. The ending fund balance of the General Fund represents 23% of annual disbursements. The TB Clinic Fund had disbursements that exceeded receipts by \$1,263. The Federal Grants Fund had disbursements that exceeded receipts by \$102,196. The Mixed Grants Fund had receipts in excess of disbursements of \$8,641. The shortfall in the Federal Grants Fund was offset by transfers in.

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 2007, the Health District did not make any significant amendments to its General Fund budget.

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 DISTRICT BOARD OF HEALTH
COUNTY OF MAHONING**

Statement of Net Assets - Cash Basis

December 31, 2007

| | | <u>Primary Government</u> |
|---|----|--------------------------------|
| | | <u>Governmental Activities</u> |
| <hr/> | | |
| Assets | | |
| Equity in pooled cash and investments at fair value | \$ | 973,680 |
| Total Assets | | <u>973,680</u> |
| | | |
| Net Assets: | | |
| Restricted for: | | |
| Special revenue | | 220,980 |
| General fund restricted for encumbrances | | 144,425 |
| Unrestricted | | 608,275 |
| Total Net Assets | \$ | <u>973,680</u> |

See accompanying notes to the basic financial statements

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

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2007*

| Functions/Programs | Cash Disbursements | Program Cash Receipts | | Net (Disbursements) Receipts and Changes in Net Assets |
|--------------------------------------|-------------------------------|---------------------------------|---|---|
| | | Charges for Services | Operating Grants and Contributions | Primary Government Governmental Activities |
| Primary Government: | | | | |
| Governmental activities: | | | | |
| Health | \$ 4,807,661 | \$ 1,229,084 | \$ 1,978,649 | \$ (1,599,928) |
| Total Governmental Activities | \$ 4,807,661 | \$ 1,229,084 | \$ 1,978,649 | \$ (1,599,928) |

| | |
|--|-------------------|
| General revenues: | |
| Property taxes | 178,472 |
| Grants and contributions not restricted to specific programs | 979,294 |
| Transfers | 277,901 |
| Total general revenues and transfers | 1,435,667 |
| Change in net assets | (164,261) |
| Net assets - beginning | 1,137,941 |
| Net assets - ending | \$ 973,680 |

The notes to the financial statements are an integral part of this statement.

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

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

| | <i>General</i> | <i>TB Clinic</i> | <i>Federal Grants</i> | <i>Mixed Grants</i> | <i>Other Governmental Funds</i> | <i>Total Governmental Funds</i> |
|---|-------------------|-------------------|---------------------------|-------------------------|---|---|
| Assets | | | | | | |
| Equity in pooled cash and investments at fair value | \$ 752,700 | \$ 106,721 | \$ 7,359 | \$ 31,533 | \$ 75,367 | \$ 973,680 |
| Total Assets | <u>752,700</u> | <u>106,721</u> | <u>7,359</u> | <u>31,533</u> | <u>75,367</u> | <u>973,680</u> |
| Fund Balances | | | | | | |
| Reserved: | | | | | | |
| Reserved for Encumbrances | 144,425 | 22,238 | 14,438 | 131,133 | 35,995 | \$ 348,229 |
| Unreserved, reported in: | | | | | | |
| General fund | 608,275 | | | | | 608,275 |
| Special revenue funds | | 84,483 | (7,079) | (99,600) | 39,372 | 17,176 |
| Total Fund Balances | <u>\$ 752,700</u> | <u>\$ 106,721</u> | <u>\$ 7,359</u> | <u>\$ 31,533</u> | <u>\$ 75,367</u> | <u>\$ 973,680</u> |

See accompanying notes to the basic financial statements

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

*Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

| | General | TB Clinic | Federal Grants | Mixed Grants | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|-------------------|-------------------|------------------|--------------------------------|--------------------------------|
| Receipts | | | | | | |
| Property and other taxes | \$ 898,076 | \$ 178,472 | \$ | \$ | \$ | \$ 1,076,548 |
| Fees and charges for services | 607,086 | 825 | 5,307 | 348 | 188,302 | 801,868 |
| Licenses and permits | 294,864 | | | | | 294,864 |
| Intergovernmental | 795,777 | 35,481 | 519,385 | 441,370 | 247,770 | 2,039,783 |
| All other revenue | 152,424 | 13 | | | | 152,437 |
| Total Receipts | <u>2,748,227</u> | <u>214,791</u> | <u>524,692</u> | <u>441,718</u> | <u>436,072</u> | <u>4,365,500</u> |
| Disbursements | | | | | | |
| Current: | | | | | | |
| Health | 3,285,065 | 216,056 | 626,889 | 433,077 | 246,574 | 4,807,661 |
| Total Disbursements | <u>3,285,065</u> | <u>216,056</u> | <u>626,889</u> | <u>433,077</u> | <u>246,574</u> | <u>4,807,661</u> |
| Excess of Receipts Over (Under) Disbursements | (536,838) | (1,265) | (102,197) | 8,641 | 189,498 | (442,161) |
| Other Financing Sources (Uses) | | | | | | |
| Remittances to Other Government Agencies | | | | | (139,640) | (139,640) |
| Transfers in (see Note 10) | 422,316 | | 102,791 | | 6,474 | 531,581 |
| Transfers out | (102,791) | | (276) | | (10,973) | (114,040) |
| Total Other Financing Sources | <u>319,525</u> | | <u>102,515</u> | | <u>(144,139)</u> | <u>277,901</u> |
| Net Change in Fund Balances | (217,313) | (1,265) | 318 | 8,641 | 45,359 | (164,260) |
| Fund Balances Beginning of Year | <u>970,013</u> | <u>107,986</u> | <u>7,041</u> | <u>22,892</u> | <u>30,008</u> | <u>1,137,940</u> |
| Fund Balances End of Year | <u>\$ 752,700</u> | <u>\$ 106,721</u> | <u>\$ 7,359</u> | <u>\$ 31,533</u> | <u>\$ 75,367</u> | <u>\$ 973,680</u> |

See accompanying notes to the basic financial statements

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

***Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Board of Health General Fund***

(Non-GAAP Budgetary Basis)

For the Year Ended December 31, 2007

| | <i>Original Budget</i> | <i>Final Budget</i> | <i>Actual Amounts</i> | <i>Variance with Final Budget - Positive (Negative)</i> |
|---|----------------------------|---------------------|---------------------------|---|
| <i>Receipts</i> | | | | |
| Property and other taxes | \$ 912,268 | \$ 912,268 | \$ 898,076 | \$ (14,192) |
| Fees and charges for services | 685,133 | 685,133 | 607,086 | (78,047) |
| Licenses and permits | 409,085 | 409,085 | 294,864 | (114,221) |
| Intergovernmental | 875,876 | 875,876 | 795,777 | (80,099) |
| All other revenue | 70,060 | 70,560 | 152,424 | 81,864 |
| <i>Total Receipts</i> | <u>2,952,422</u> | <u>2,952,922</u> | <u>2,748,227</u> | <u>(204,695)</u> |
| <i>Disbursements</i> | | | | |
| <i>Current:</i> | | | | |
| <i>Health</i> | | | | |
| Personal services | 2,606,958 | 2,568,091 | 2,479,531 | 88,560 |
| Materials and supplies | 161,184 | 195,809 | 175,744 | 20,065 |
| Contractual services | 514,083 | 592,952 | 505,159 | 87,793 |
| Travel | 83,898 | 98,995 | 77,985 | 21,010 |
| Utilities | 38,300 | 38,357 | 35,522 | 2,835 |
| Capital outlay | 116,105 | 196,770 | 155,319 | 41,451 |
| Other | <u>230</u> | <u>230</u> | <u>230</u> | <u>230</u> |
| <i>Total Disbursements</i> | <u>3,520,528</u> | <u>3,691,204</u> | <u>3,429,490</u> | <u>261,714</u> |
| <i>Excess (Deficiency) Of Receipts Over Disbursements</i> | <u>(568,106)</u> | <u>(738,282)</u> | <u>(681,263)</u> | <u>57,019</u> |
| <i>Other Financing Sources (Uses)</i> | | | | |
| Transfers in | 1,000 | 5,499 | 422,316 | 416,817 |
| Transfers out | <u>(102,791)</u> | <u>(102,792)</u> | <u>(102,791)</u> | <u>1</u> |
| <i>Total Other Financing Sources</i> | <u>(101,791)</u> | <u>(97,293)</u> | <u>319,525</u> | <u>416,818</u> |
| <i>Net Change in Fund Balance</i> | <u>(669,897)</u> | <u>(835,575)</u> | <u>(361,738)</u> | <u>473,837</u> |
| <i>Fund Balance At Beginning Of Year</i> | 860,051 | 860,051 | 860,051 | |
| <i>Prior Year Encumbrances Appropriated</i> | <u>109,962</u> | <u>109,962</u> | <u>109,962</u> | |
| <i>Fund Balance At End Of Year</i> | <u>\$ 300,116</u> | <u>\$ 134,438</u> | <u>\$ 608,275</u> | <u>\$ 473,837</u> |

The notes to the financial statements are an integral part of this statement.

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

***Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Board of Health TB Clinic
(Non-GAAP Budgetary Basis)***

For the Year Ended December 31, 2007

| | <i>Original Budget</i> | <i>Final Budget</i> | <i>Actual Amounts</i> | <i>Variance with Final Budget - Positive (Negative)</i> |
|--|----------------------------|---------------------|---------------------------|---|
| <i>Receipts</i> | | | | |
| Property and other taxes | \$ 205,500 | \$ 205,500 | \$ 178,472 | \$ (27,028) |
| Fees and charges for services | 800 | 800 | 825 | 25 |
| Intergovernmental | | | 35,481 | 35,481 |
| All other revenue | | | 13 | 13 |
| <i>Total Receipts</i> | <u>206,300</u> | <u>206,300</u> | <u>214,791</u> | <u>8,491</u> |
| <i>Disbursements</i> | | | | |
| <i>Current:</i> | | | | |
| <i>Health</i> | | | | |
| Personal services | 159,073 | 155,583 | 147,156 | 8,427 |
| Materials and supplies | 15,900 | 17,950 | 14,881 | 3,069 |
| Contractual services | 73,295 | 73,385 | 66,693 | 6,692 |
| Travel | 2,700 | 3,550 | 2,166 | 1,384 |
| Utilities | 2,992 | 2,992 | 2,877 | 115 |
| Capital outlay | 4,486 | 4,986 | 4,521 | 465 |
| <i>Total Disbursements</i> | <u>258,446</u> | <u>258,446</u> | <u>238,294</u> | <u>20,152</u> |
| <i>Excess (Deficiency) Of Receipts Over Disbursements</i> | <u>(52,146)</u> | <u>(52,146)</u> | <u>(23,503)</u> | <u>28,643</u> |
| <i>Net Change in Fund Balance</i> | (52,146) | (52,146) | (23,503) | 28,643 |
| <i>Fund Balance At Beginning Of Year</i> | 84,914 | 84,914 | 84,914 | |
| <i>Prior Year Encumbrances Appropriated</i> | <u>23,072</u> | <u>23,072</u> | <u>23,072</u> | |
| <i>Fund Balance(Deficit) At End Of Year</i> | <u>\$ 55,840</u> | <u>\$ 55,840</u> | <u>\$ 84,483</u> | <u>\$ 28,643</u> |

The notes to the financial statements are an integral part of this statement.

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

***Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Board of Health Federal Grants***

(Non-GAAP Budgetary Basis)

For the Year Ended December 31, 2007

| | <i>Original Budget</i> | <i>Final Budget</i> | <i>Actual Amounts</i> | <i>Variance with Final Budget - Positive (Negative)</i> |
|---|----------------------------|---------------------|---------------------------|---|
| <i>Receipts</i> | | | | |
| Fees and charges for services | \$ 3,500 | \$ 5,000 | \$ 5,307 | \$ 307 |
| Intergovernmental | 454,531 | 823,896 | 519,384 | (304,512) |
| Total Receipts | 458,031 | 828,896 | 524,691 | (304,205) |
| <i>Disbursements</i> | | | | |
| <i>Current:</i> | | | | |
| <i>Health</i> | | | | |
| Personal services | 401,239 | 506,046 | 484,209 | 21,837 |
| Materials and supplies | 18,439 | 43,419 | 40,843 | 2,576 |
| Contractual services | 56,781 | 51,059 | 51,008 | 51 |
| Travel | 6,871 | 19,524 | 18,034 | 1,490 |
| Utilities | 3,840 | 8,367 | 7,668 | 699 |
| Capital outlay | 2,200 | 41,695 | 39,564 | 2,131 |
| Total Disbursements | 489,370 | 670,110 | 641,326 | 28,784 |
| Excess (Deficiency) Of Receipts Over Disbursements | (31,339) | 158,786 | (116,635) | (275,421) |
| <i>Other Financing Sources (Uses)</i> | | | | |
| Transfers in | | 111,274 | 102,791 | (8,483) |
| Transfers out | | (279) | (276) | 3 |
| Total Other Financing Sources | | 110,995 | 102,515 | (8,480) |
| Net Change in Fund Balance | (31,339) | 269,781 | (14,120) | (283,901) |
| Fund Balance At Beginning Of Year | (18,933) | (18,933) | (18,933) | |
| Prior Year Encumbrances Appropriated | 25,974 | 25,974 | 25,974 | |
| Fund Balance At End Of Year | \$ (24,298) | \$ 276,822 | \$ (7,079) | \$ (283,901) |

The notes to the financial statements are an integral part of this statement.

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

***Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Board of Health Mixed Grants***

(Non-GAAP Budgetary Basis)

For the Year Ended December 31, 2007

| | <i>Original Budget</i> | <i>Final Budget</i> | <i>Actual Amounts</i> | <i>Variance with Final Budget - Positive (Negative)</i> |
|---|----------------------------|---------------------|---------------------------|---|
| <i>Receipts</i> | | | | |
| Fees and charges for services | \$ 1,000 | \$ 1,673 | \$ 348 | \$ (1,325) |
| Intergovernmental | 441,369 | 662,054 | 441,370 | (220,684) |
| Total Receipts | 442,369 | 663,727 | 441,718 | (222,009) |
| <i>Disbursements</i> | | | | |
| <i>Current:</i> | | | | |
| <i>Health</i> | | | | |
| Personal services | 200,425 | 199,032 | 197,361 | 1,671 |
| Materials and supplies | 4,932 | 3,387 | 3,086 | 301 |
| Contractual services | 356,215 | 361,924 | 361,356 | 568 |
| Travel | 4,061 | 607 | 446 | 161 |
| Utilities | 1,343 | 1,303 | 1,240 | 63 |
| Capital outlay | 1,000 | 721 | 721 | |
| Total Disbursements | 567,976 | 566,974 | 564,210 | 2,764 |
| Excess (Deficiency) Of Receipts Over Disbursements | (125,607) | 96,753 | (122,492) | (219,245) |
| Net Change in Fund Balance | (125,607) | 96,753 | (122,492) | (219,245) |
| Fund Balance At Beginning Of Year | (101,713) | (101,713) | (101,713) | |
| Prior Year Encumbrances Appropriated | 124,605 | 124,605 | 124,605 | |
| Fund Balance(Deficit) At End Of Year | \$ (102,715) | \$ 119,645 | \$ (99,600) | \$ (219,245) |

The notes to the financial statements are an integral part of this statement.

MAHONING DISTRICT BOARD OF HEALTH
COUNTY OF MAHONING

Statement of Fiduciary Net Assets - Cash Basis

Fiduciary Funds

December 31, 2007

| | <u>Agency</u> |
|---|------------------|
| Assets | |
| Equity in pooled cash and investments at fair value | \$ 12,579 |
| Total Assets | <u>12,579</u> |
| Net Assets: | |
| Due to other funds | 10,672 |
| Due to other governments | <u>1,907</u> |
| Total Net Assets | <u>\$ 12,579</u> |

See accompanying notes to the basic financial statements

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Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 1 – Reporting Entity

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.

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 communicable disease investigations, immunization clinics, inspections, public health nursing services and the issuance of health-related licenses and permits.

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 had no component units.

C. 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. A description of the Health District's joint ventures can be found in Note 12.

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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 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 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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

B. Fund Accounting

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

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 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.

Federal Grants Fund - is used to account for federal grants received by the Health District. Separate cost centers are established to account for each federal grant within this fund.

Mixed Grants Fund - is used to account for grants which are funded by a combination of federal and state grants. Separate cost centers are established to account for each mixed grant within this fund.

TB Clinic Fund - this fund receives revenue from a .1 mill property tax levy as well as fees to perform tuberculosis case investigations, to screen high risk populations, to provide patient and community education, and provide home visits to patients under surveillance.

The other governmental funds of the Health District account for grants and other resources whose use is restricted for 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 2007.

Agency funds are purely custodial in nature and are used to account for assets held by the Health District that must be remitted to the State of Ohio.

C. Basis of Accounting

The Health District's financial statements are prepared using the cash basis of accounting.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 County Board of Health may appropriate. The appropriations resolution is the County 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 County Board of Health. The legal level of control has been established by the County Board of Health at the fund, department, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated 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 certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Health District. 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 County Board of Health.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

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 appropriation amounts passed by the County 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 County.

Lisa Antonini
Mahoning County Treasurer
120 Market Street
Youngstown, Ohio 44503

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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 2 - Summary of Significant Accounting Policies (continued)

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

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 as cash when received and principal and interest are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a 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 federal and state grant monies. 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.

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.

Note 3 - Accountability and Compliance

A. Accountability

The Federal Grants and Mixed Grant funds have deficit fund balances of \$7,079 and \$99,600 respectively. The deficit fund balances will be eliminated upon receipt of reimbursements from the Ohio Department of Health and federal agencies.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 3 - Accountability and Compliance (continued)

B. Compliance

The Health District has no significant violations of finance-related legal or contractual provisions as of December 31, 2007.

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 – Budget 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 expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

| | |
|------------------------------|-----------|
| General Fund | \$144,425 |
| Major Special Revenue Funds: | |
| TB Clinic | \$22,238 |
| Federal Grants | \$14,438 |
| Mixed Grants | \$131,133 |
| Other Governmental Funds | \$35,995 |

Note 5 - 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 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 5 - Property Taxes (continued)

The full tax rate for all Health District operations for the year ended December 31, 2007, was \$.28 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

| | |
|-------------------------------|------------------------|
| Real Property | |
| Residential | \$2,378,730,070 |
| Agriculture | 131,472,090 |
| Commercial/Industrial/Mineral | 659,876,720 |
| Public Utility Property | |
| Real | 442,170 |
| Personal | 127,043,140 |
| Tangible Personal Property | 111,425,142 |
| Total Assessed Value | <u>\$3,408,989,332</u> |
| Plus Tax Loss Reimbursement * | 30,164,631 |
| Grand Total | <u>\$3,439,153,963</u> |

* 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.

Note 6 - Risk Management

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

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

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

For an occurrence prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 6 - Risk Management (continued)

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do 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, 2007 and 2006:

| | <u>2007</u> | <u>2006</u> |
|-------------|---------------------|---------------------|
| Assets | \$37,560,071 | \$36,123,194 |
| Liabilities | (17,340,825) | (16,738,904) |
| Net Assets | <u>\$20,219,246</u> | <u>\$19,384,290</u> |

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 6 - Risk Management (continued)

The Health District's share of these unpaid claims collectible in future years is approximately \$30,000. This payable includes the subsequent year's contribution due if the Health District terminates participation, as described in the last paragraph below.

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 | |
|-----------------------------|----------|
| 2005 | \$23,863 |
| 2006 | \$26,529 |
| 2007 | \$25,808 |

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 budgetary contribution. Withdrawing members have no other future obligation to the pool. 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 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to 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 both 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, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 7 - Defined Benefit Pension Plans (continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2007 member contribution rates were 9.5% for members in state and local classifications. Public safety members contributed 9.75%. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed 10.1%. The public safety and law enforcement classifications do not apply to the Health District. The Health District paid 100% of the employee share to OPERS for its employees per the collective bargaining agreement and Board authorization. The Health District's contribution rate for pension benefits for 2007 was 13.85% percent of covered payroll.

The Health District's required contribution for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2007, 2006, and 2005 were \$528,459, \$484,276, and \$476,824, respectively. The Health District paid both the entire employee share and the employer share in 2005 and 2007 and paid most of the employee share (8.5% of the required 9%) as well as the employer share in 2006. The full amount has been contributed for 2007, 2006 and 2005. Contributions to the member-directed plan for 2007 were \$4,183.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit under the Traditional Pension and Combined Plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the Member-Directed Plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the Traditional Pension or Combined Plans is set aside for the funding of postretirement health care benefits. The Ohio Revised Code provides statutory authority for employer contributions. The 2007 employer contribution rate was 13.85% of covered payroll. The portion of employer contributions allocated to health care was 5.00% from January 1 through June 30, 2007 and 6.00% from July 1 through December 31, 2007.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5%, an annual increase in active employee total payroll of 4% compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5% and 6.3% based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 5% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 8 - Postemployment Benefits (continued)

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

The Traditional Pension and Combined Plans had 374,979 active contributing participants as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$212,201. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2006 (the latest information available), was \$12 billion. Based on the actuarial cost method used, the actuarial valuation as of December 31, 2006 reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Note 9 - Leases

The Health District leases buildings and office equipment under noncancelable leases. The Health District disbursed \$228,871 to pay lease costs for the year ended December 31, 2007. Future lease payments are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|------------------|
| 2008 | 143,658 |
| 2009 | 33,568 |
| 2010 | 3,300 |
| 2011 | 3,300 |
| 2012 | 2,750 |
| Total | <u>\$186,576</u> |

Note 10 - Interfund Transfers

During 2007 the following transfers were made:

| | |
|---|------------------|
| Transfers from the General Fund to the Federal Grants Fund: | \$102,791 |
| Transfers from the Federal Grants Fund to the General Fund: | 276 |
| Transfers among State Grant Funds: | 6,474 |
| Transfers from Agency Funds to the General Fund: | 422,040 |
| Total Transfers | <u>\$531,581</u> |

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 10 - Interfund Transfers (continued)

Transfers represent the allocation of unrestricted receipts collected in the General Fund and Agency Funds 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.

Note 12 - Joint Ventures

Healthy Valley Alliance

The Health District is a member of the Health Valley Alliance (HVA) which is a partnership formed in 1995. It is comprised of more than 50 local organizations such as local boards of health and hospitals, and its mission is to develop and sustain a plan to improve the health of the community. HVA has a council of volunteers who collaborate, plan, implement and monitor health activities. The Health District's health commissioner and medical director serve on the HVA council which has a total of 23 members. The Health District has no ongoing financial interest in or responsibility to the HVA.

Mahoning County Family and Children First Council

The Health District is a member of the Mahoning County Family and Children First Council (MCFCFC) 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. MCFCFC consists of an executive committee (state mandated members) and an Advisory Council that includes unlimited representatives from public/private service providers and family members.

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
YEAR ENDED DECEMBER 31, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the "Schedule") summarizes activity of the Health District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Health District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Health District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the schedule.

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.



Mary Taylor, CPA

Auditor of State

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

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mahoning District Board of Health, Mahoning County, (the "Health District") as of and for the year ended December 31, 2007, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated September 10, 2009. 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 Health District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Health District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Health District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Health District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Health District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Health District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503-1293

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www.auditor.state.oh.us

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Health District's ability to administer a federal program such that there is more than a remote likelihood that the Health District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Health District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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 intend this report solely for the information and use of the audit committee, management, the Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 10, 2009

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <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 other 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 other significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | CFDA #93.994 – Maternal and Child Health Services Block Grant to the States. |
| <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? | 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



Mary Taylor, CPA
Auditor of State

**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 8, 2009**