



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, 2012, 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, 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General and Federal Grant 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 assets and changes in net assets. 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 basic 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 30, 2013, 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 "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 30, 2013

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MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
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, 2012, 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 2012 are as follows:

- The net assets of the Health District were \$1,390,720 at the close of the year ended December 31, 2012. Of this amount, \$1,139,950 is unassigned 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 \$1,139,950, or about 35% of total General Fund expenditures and other financing uses.
- The Health District's total net assets decreased by \$86,725, which represents a 5.9% decrease from 2011.
- The Health District had \$3,949,839 in receipts and \$4,376,124 in disbursements in 2012.

### **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.

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED

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

**Reporting the Health District as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the Health District did financially during 2012, 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. The funds of the Health District fall into two categories: governmental and fiduciary.

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 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, 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.

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.

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED

**The Health District as a Whole**

Table 1 provides a summary of the Health District's net assets for 2012 compared to 2011 on a cash basis:

As mentioned previously, net position decreased \$86,725. The decrease is due primarily to a decrease in tax valuation, the loss of personal property tax replacement revenue, and severance payments to retiring employees.

<b>Table 1</b>		
<b>Net Assets</b>		
	<b>All Governmental Fund Types</b>	
	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Equity in pooled cash and investments at fair value	\$1,390,720	\$1,477,445
<b>Net Position</b>		
Restricted	239,761	156,346
Committed	9,433	15,309
Assigned	1,576	2,501
Unassigned	1,139,950	1,303,289
<i>Total Net Position</i>	<u>\$1,390,720</u>	<u>\$1,477,445</u>

Table 2 reflects the changes in net position for 2012 compared to 2011.

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

	<u>2012</u>	<u>2011</u>
<i>Program Cash Receipts</i>		
Charges for Services, Fines, Licenses & Permits	\$ 1,609,479	1,506,080
Grants and Apportionments	1,172,794	1,203,818
<i>General Receipts</i>		
Property Taxes	1,045,048	1,075,449
Miscellaneous Revenue	122,518	138,886
<i>Total Receipts</i>	<u>3,949,839</u>	<u>3,924,233</u>

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
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***Disbursements***

Health & Capital Outlay	<u>4,376,124</u>	<u>4,289,180</u>
<i>Total Disbursements</i>	<u>4,376,124</u>	<u>4,289,180</u>
Change in Net Position before Other Financing Receipts (Disbursements)	(426,285)	(364,947)
Sale of Assets, Transfers, Advances, and Remittances	<u>339,560</u>	<u>374,113</u>
<i>Change in Net Position</i>	(86,725)	9,166
Net Position Beginning of Year	<u>1,477,445</u>	<u>1,468,279</u>
Net Position End of Year	<u>\$ 1,390,720</u>	<u>1,477,445</u>

The Health District's direct charges to users of health services were the largest source of receipts accounting for 41% of total receipts in 2012. 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. Grants and apportionments made up 30% of total receipts in 2012. Property taxes accounted for 27% 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 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.

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED

At the end of 2012, the Health District's governmental funds reported total ending fund balances of \$1,390,720. \$1,139,950 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. \$239,761 is classified as restricted for constraints imposed by grant agreements, a tuberculosis control levy, and State legislation for a construction demolition and debris fee. \$9,433 is classified as committed for encumbrances related to contractual obligations, and \$1,576 is assigned to encumbrances unrelated to contractual obligations.

The General Fund is the chief operating fund of the Health District. At the end of 2012, unassigned fund balance in the General Fund was \$1,139,950. The total fund balance of the General Fund decreased \$170,177 during 2012 to \$1,150,959 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 35% of the total General Fund disbursements.

The governmental funds had total receipts of \$3,949,839 and disbursements of \$4,376,124. The governmental funds had a decrease in cash balance of \$86,725.

### **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 2012, 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 County District Board of Health**

*Statement of Net Position - Cash Basis*

*December 31, 2012*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,390,720</u>
<i>Total Assets</i>	<u><u>\$1,390,720</u></u>
<b>Net Position</b>	
Restricted for:	
Grants	\$113,948
TB Control	38,494
Construction Demolition & Debris	87,319
Committed for:	
Encumbrances for Contractual Agreements	9,433
Assigned for:	
Noncontractual Encumbrances	1,576
Unassigned	<u>1,139,950</u>
<i>Total Net Position</i>	<u><u>\$1,390,720</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, 2012*

	Program Cash		Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Receipts and Changes in Net Position
		Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>			
Current:			
Health	\$4,337,401	\$1,609,479	\$1,172,794
Capital Outlay	38,723		(1,555,128)
			(38,723)
<i>Total Governmental Activities</i>	<u>\$4,376,124</u>	<u>\$1,609,479</u>	<u>\$1,172,794</u>
General Receipts:			
Property Taxes Levied for General Purposes			1,045,048
Sale of Capital Assets			495
Miscellaneous			122,518
Special Item - Remittances to Other Government Agencies			(130,848)
Transfers			469,913
			<u>1,507,126</u>
<i>Total General Receipts, Special Item and Transfers</i>			<u>1,507,126</u>
Change in Net Assets			(86,725)
<i>Net Position Beginning of Year</i>			<u>1,477,445</u>
<i>Net Position End of Year</i>			<u><u>\$1,390,720</u></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, 2012*

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,150,959	\$62,467	\$177,294	\$1,390,720
<i>Total Assets</i>	<u>\$1,150,959</u>	<u>\$62,467</u>	<u>\$177,294</u>	<u>\$1,390,720</u>
<b>Fund Balances</b>				
Restricted		\$62,467	\$177,294	239,761
Committed	\$9,433			9,433
Assigned	1,576			1,576
Unassigned	1,139,950			1,139,950
<i>Total Fund Balances</i>	<u>\$1,150,959</u>	<u>\$62,467</u>	<u>\$177,294</u>	<u>\$1,390,720</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, 2012*

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$891,326		\$153,722	\$1,045,048
Charges for Services	1,089,676	\$8,295	175,724	1,273,695
Fines, Licenses and Permits	335,784			335,784
Intergovernmental	177,959	623,756	371,079	1,172,794
Miscellaneous	122,518			122,518
<i>Total Receipts</i>	<u>2,617,263</u>	<u>632,051</u>	<u>700,525</u>	<u>3,949,839</u>
<b>Disbursements</b>				
Current:				
Health	3,250,235	591,079	496,087	4,337,401
Capital Outlay	21,613	9,081	8,029	38,723
<i>Total Disbursements</i>	<u>3,271,848</u>	<u>600,160</u>	<u>504,116</u>	<u>4,376,124</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(654,585)</u>	<u>31,891</u>	<u>196,409</u>	<u>(426,285)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	495			495
Transfers In	469,913			469,913
Advances In	14,000			14,000
Advances Out			(14,000)	(14,000)
Remittances to Other Government Agencies			(130,848)	(130,848)
<i>Total Other Financing Sources (Uses)</i>	<u>484,408</u>	<u>0</u>	<u>(144,848)</u>	<u>339,560</u>
<i>Net Change in Fund Balances</i>	(170,177)	31,891	51,561	(86,725)
<i>Fund Balances, January 1</i>	<u>1,321,136</u>	<u>30,576</u>	<u>125,733</u>	<u>1,477,445</u>
<i>Fund Balances, December 31</i>				
<i>Restricted</i>		62,467	177,294	239,761
<i>Committed</i>	9,433			9,433
<i>Assigned</i>	1,576			1,576
<i>Unassigned</i>	1,139,950			1,139,950
<i>Fund Balances, December 31</i>	<u>\$1,150,959</u>	<u>\$62,467</u>	<u>\$177,294</u>	<u>\$1,390,720</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, 2012*

	<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	\$878,435	\$878,435	\$891,326	\$12,891
Charges for Services	962,920	965,450	1,089,676	124,226
Fines, Licenses and Permits	232,445	232,445	335,784	103,339
Intergovernmental	139,718	139,718	177,959	38,241
Miscellaneous	110,100	110,100	122,518	12,418
<i>Total Receipts</i>	<u>2,323,618</u>	<u>2,326,148</u>	<u>2,617,263</u>	<u>291,115</u>
<b>Disbursements</b>				
Current:				
Health	2,755,618	3,430,171	3,260,057	170,114
Capital Outlay	22,000	24,376	22,800	1,576
<i>Total Disbursements</i>	<u>2,777,618</u>	<u>3,454,547</u>	<u>3,282,857</u>	<u>171,690</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(454,000)</u>	<u>(1,128,399)</u>	<u>(665,594)</u>	<u>462,805</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	495	495
Transfers In	434,500	434,500	469,913	35,413
Advances In	19,500	19,500	14,000	(5,500)
<i>Total Other Financing Sources (Uses)</i>	<u>454,000</u>	<u>454,000</u>	<u>484,408</u>	<u>30,408</u>
<i>Net Change in Fund Balance</i>	0	(674,399)	(181,186)	493,213
<i>Unencumbered Fund Balance Beginning of Year</i>	1,303,326	1,303,326	1,303,326	0
Prior Year Encumbrances Appropriated	17,810	17,810	17,810	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,321,136</u>	<u>\$646,737</u>	<u>\$1,139,950</u>	<u>\$493,213</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Charges for Services	0	8,000	8,295	295
Intergovernmental	88,581	723,581	623,756	(99,825)
<i>Total Receipts</i>	88,581	731,581	632,051	(99,530)
<b>Disbursements</b>				
Current:				
Health	0	731,155	610,349	120,806
Capital Outlay	0	10,505	9,081	1,424
<i>Total Disbursements</i>	0	741,660	619,430	122,230
<i>Excess of Receipts Over (Under) Disbursements</i>	88,581	(10,079)	12,621	22,700
<b>Other Financing Sources (Uses)</b>				
Transfers Out	0	(1,586)	0	1,586
<i>Total Other Financing Sources (Uses)</i>	0	(1,586)	0	1,586
<i>Net Change in Fund Balance</i>	88,581	(11,665)	12,621	24,286
<i>Unencumbered Fund Balance Beginning of Year</i>	30,219	30,219	30,219	0
Prior Year Encumbrances Appropriated	357	357	357	0
<i>Unencumbered Fund Balance End of Year</i>	\$119,157	\$18,911	\$43,197	\$24,286

See accompanying notes to the basic financial statements

**Mahoning County District Board of Health**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2012*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$9,229</u>
<i>Total Assets</i>	<u><u>\$9,229</u></u>
<b>Net Position</b>	
Due to Other Funds	\$7,725
Held on Behalf of the State of Ohio	<u>1,504</u>
<i>Total Net Position</i>	<u><u>\$9,229</u></u>

See accompanying notes to the basic financial statements

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Mahoning County District Board of Health  
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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.

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**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.

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. Fiduciary funds are reported by type.

### **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. 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 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.



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**Fiduciary Funds** Fiduciary fund reporting focuses on net position 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 2012. 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.

**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.

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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.

### **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.

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**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 9 and 10, 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.

**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.

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**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.

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**

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 reduces 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. These changes were incorporated in the Health District's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

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**Note 4 - Accountability and Compliance**

**Accountability**

At December 31, 2012, the WIC Fund (one of the four federal grant funds included in the Federal Grants Special Revenue Fund) had a cash deficit balance of \$789.

**Compliance**

The Health District has no significant violations of finance-related legal or contractual provisions as of December 31, 2012.

**Note 5 - 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 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 \$11,009 for the General Fund and \$19,270 for the Federal Grants special revenue fund.

**Note 6 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Health District. Property tax revenue received in 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes are levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2012 with real property taxes.

The full tax rate for all Health District operations for the year ended December 31, 2012, was \$.28 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2012 property tax receipts were based are as follows:

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Real Property	
Residential	\$2,331,805,250
Agriculture	146,145,590
Commercial/Industrial/Mineral	728,042,700
Public Utility Property	
Real	600,170
Personal	117,000,280
Total Assessed Value	\$3,323,593,990
Plus Tax Loss Reimbursement *	30,164,631
Grand Total	\$3,353,758,621

\* 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 7 – Interfund Receivables/Payables**

Interfund balances at December 31, 2012, 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
Total	\$39,000	\$39,000

Interfund balances at December 31, 2012 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 expenses related to placing a levy on the ballot. As of December 31, 2012, \$58,500 has been repaid to the General Fund. Advances to/from other funds are not expected to be repaid within one year.

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**Note 8 - 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 2012, 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 2012 monthly premiums were as follows:

Tier	Monthly Premium	Employee 10% Co-share	Health District Cost
Single	\$728.00	\$72.80	\$655.20
Employee & Children	\$1,352.00	\$135.20	\$1,216.80
Employee & Spouse	\$1,454.00	\$145.40	\$1,308.60
Family	\$1,549.00	\$154.90	\$1,394.10

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.

**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. York Risk Pooling Services, Inc., (formerly known as American Risk Pooling Consultants, Inc.) 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, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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**Note 8 - Risk Management (Continued)**

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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Net Position	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, 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.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2011</u>
\$27,227	\$26,428

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.



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**Note 8 - Risk Management (Continued)**

Type of Coverage	Coverage	Deductible
<b>Public Entities Pool</b>		
Blanket Property and Contents, Replacement	\$487,900	\$500
Misc. Property (Inland Marine)	38,923	500
Equipment Breakdown	487,900	500
Legal Liability - Third Party Claims	2,000,000	1,000
Dishonesty	20,000	0
Automobile Liability	2,000,000	250/500
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 9 - 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.

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, 2012, 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.

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Members in the state and local classifications may participate in all three plans. For 2012, member and employer contribution rates were consistent across all three plans.

The Health District's 2012 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 4 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for calendar year 2012. 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, 2012, 2011, and 2010 were \$453,638, \$432,267, and \$498,396, 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 2012, 2011, and 2010. Contributions to the Member-Directed Plan for 2012 were \$2,901.

**Note 10 - 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.

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Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.00% of covered payroll. This is the maximum 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 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 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, 2012, 2011, and 2010 were \$129,604, \$123,499, and \$181,369, respectively. 100 percent has been contributed for 2012, 2011, and 2010.

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 11 – Leases**

The Health District leases buildings and office equipment under noncancelable leases. The Health District disbursed \$252,993 to pay lease costs for the year ended December 31, 2012. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$179,727
2014	67,548
2015	41,228
2016	41,228
2017	<u>25,350</u>
Total	<u>\$355,081</u>

**Note 12 – 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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For the Year Ended December 31, 2012

**Note 12 – Fund Balances (Continued)**

Fund Balances	General Fund	Federal Grants Fund	Other Governmental Funds	Total
<b>Restricted for</b>				
Tuberculosis Clinic	0	0	38,494	38,494
CFHS Grant	0	0	51,481	51,481
Public Health Emerg. Prep. Grant	0	23,807	0	23,807
Adult Day Services Grant	0	32,387	0	32,387
Immuniz. Action Plan Grant	0	7,062	0	7,062
WIC Grant	0	(789)		(789)
Construction Demolition & Debris	0	0	87,319	87,319
<i>Total Restricted</i>	<u>0</u>	<u>62,467</u>	<u>177,294</u>	<u>239,761</u>
<b>Committed to</b>				
Contracts	9,433	0	0	9,433
<i>Total Committed</i>	<u>9,433</u>	<u>0</u>	<u>0</u>	<u>9,433</u>
<b>Assigned to</b>				
Encumbrances	1,576	0	0	1,576
<i>Total Assigned</i>	<u>1,576</u>	<u>0</u>	<u>0</u>	<u>1,576</u>
Unassigned	1,139,950	0	0	1,139,950
<i>Total Fund Balances</i>	<u>\$1,150,959</u>	<u>\$62,467</u>	<u>\$177,294</u>	<u>\$1,390,720</u>

**Note 13 - Interfund Transfers**

During 2012 the following transfers were made:

<b>Transfers To</b>	<b>Transfers From</b>	
	Agency Funds	Total
General Fund	\$469,913	\$469,913
Total	<u>\$469,913</u>	<u>\$469,913</u>

Transfers represent the allocation of unrestricted receipts for licenses and permits collected in the Agency Funds. A portion of the receipts is remitted to the State of Ohio. The unrestricted remaining revenue is used to finance various programs accounted for in the General Fund in accordance with budgetary authorizations.

Mahoning County District Board of Health  
Mahoning County  
Notes to the Financial Statements  
For the Year Ended December 31, 2012

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**Note 14 – 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 15 – Joint Venture**

**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.

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

**FEDERAL AWARDS EXPENDITURE SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</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	<b>10.557</b>	\$ 154,921
Total U.S. Department of Agriculture			<b>154,921</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-11-6352 FY-12-6352	<b>93.044</b>	489 38,742
Total CFDA # 93.044			<b>39,231</b>
Passed Through Ohio Department of Health:			
Public Health Emergency Preparedness	05010012PH0312 05010012PH0413	<b>93.069</b>	138,781 58,722
Total CFDA # 93.069			<b>197,503</b>
Immunization Cooperative Agreement	05010012IM0112	<b>93.268</b>	<b>54,058</b>
Maternal and Child Health Services Block Grant to the States	05010011MC0512 05010011MC0613	<b>93.994</b>	21,489 60,637
Total CFDA # 93.994			<b>82,126</b>
Passed Through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program		<b>93.008</b>	887
Passed Through Trumbull County Health Department:			
Medical Reserve Corps Small Grant Program		<b>93.008</b>	564
Total CFDA # 93.008			<b>1,451</b>
Passed Through Akron Regional Hospital:			
National Bioterrorism Hospital Preparedness Program		<b>93.889</b>	<b>15,000</b>
Total U.S. Department of Health and Human Services			<b>389,369</b>
Total Federal Financial Assistance			<b>\$ 544,290</b>

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE  
YEAR ENDED DECEMBER 31, 2012**

**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") federal award programs' disbursements. 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.

**NOTE D – MEDICAID ADMINISTRATIVE CLAIMING ADJUSTMENTS**

During the calendar year, the Health District received a deferred payment from the Ohio Department of Health (ODH) for the Medicaid program (CFDA # 93.778) in the amount of \$72,891. The deferred payment was for Medicaid Administrative Claiming (MAC) expenses the Health District incurred in prior reporting periods due to federal funding received by ODH to reimburse these expenses and also due to changes in the health district's Medicaid Eligibility Rate (MER) for certain activity codes within MAC. This revenue is not listed on the Health District's Federal Awards Expenditure Schedule since the underlying expenses are on a cost-reimbursement basis and occurred in prior reporting periods.





# 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, 2012, 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 30, 2013, wherein we noted the Health District uses a special purpose framework other than generally accepted accounting principles.

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

As part of our financial statement audit, we considered the 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 30, 2013



# 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, 2012. The *Summary of Audit 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, 2012.

***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 30, 2013

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2012**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA # 93.069 – Public Health Emergency Preparedness
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**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 22, 2013**