



Dave Yost • Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Cash Basis – December 31, 2011	8
Statement of Activities – Cash Basis - For the Year Ended December 31, 2011.....	9
Statement of Assets and Fund Balances – Cash Basis – Governmental Funds – December 31, 2011	10
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual - Budget Basis – General Fund – For the Year Ended December 31, 2011	11
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual - Budget Basis – Federal Grants Fund – For the Year Ended December 31, 2011	12
Statement of Fiduciary Net Assets – Cash Basis - Fiduciary Funds – December 31, 2011	14
Notes to the Financial Statements	15
Federal Awards Expenditure Schedule for the Year Ended December 31, 2011	30
Notes to the Federal Awards Expenditure Schedule – Year Ended December 31, 2011	31
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and On Internal Control Over Compliance Required By OMB Circular A-133	35
Schedule of Findings – December 31, 2011.....	37

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mahoning County District Board of Health
Mahoning County
50 Westchester Drive
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 County District Board of Health, Mahoning County, Ohio (the "Health District"), as of and for the year ended December 31, 2011, 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 Mahoning County District Board of Health, Mahoning County, Ohio, as of December 31, 2011, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General and Federal Grant funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 2, during 2011 the Mahoning County District Board of Health adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012, 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 Health District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. The Federal Awards Expenditure Schedule (the "Schedule") is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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.

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

Dave Yost
Auditor of State

June 20, 2012

MAHONING COUNTY DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

The discussion and analysis of Mahoning 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, 2011, 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 2011 are as follows:

- The net assets of the Health District were \$1,477,445 at the close of the year ended December 31, 2011. Of this amount, \$1,303,289 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 \$1,303,326, or about 42% of total General Fund expenditures and other financing uses.
- The Health District's total net assets increased by \$9,166, which represents a 0.7% increase from 2010.
- The Health District had \$3,924,233 in receipts and \$4,289,180 in disbursements in 2011.

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 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, 2011
(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 Assets and the Statement of Activities reflect how the Health District did financially during 2011, 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, the condition of the Health District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Health District's services. The Health District 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, 2011
(UNAUDITED)

The Health District as a Whole

Table 1 provides a summary of the Health District's net assets for 2011 compared to 2010 on a cash basis:

As mentioned previously, net assets increased \$9,166. The increase is due primarily to a decrease in capital outlay expenses, the retirement of an employee who was not replaced, and an employee who changed from full-time to part-time status.

Table 1		
Net Assets		
	All Governmental Fund Types	
	2011	2010
Assets		
Equity in pooled cash and investments at fair value	\$1,477,445	\$1,468,279
Net Assets		
Restricted	156,346	162,036
Committed	15,309	85,993
Assigned	2,501	0
Unassigned	1,303,289	1,220,250
<i>Total Net Assets</i>	<u>\$1,477,445</u>	<u>\$1,468,279</u>

Table 2 reflects the changes in net assets for 2011 compared to 2010.

Table 2
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
<i>Program Cash Receipts</i>		
Charges for Services, Fines, Licenses & Permits	\$ 1,506,080	1,693,039
Grants and Apportionments	1,203,818	1,420,699
<i>General Receipts</i>		
Property Taxes	1,075,449	1,069,906
Miscellaneous Revenue	138,886	153,529
<i>Total Receipts</i>	<u>3,924,233</u>	<u>4,337,173</u>

MAHONING COUNTY DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)

Disbursements

Health & Capital Outlay	4,289,180	4,567,259
<i>Total Disbursements</i>	4,289,180	4,567,259
Change in Net Assets before Other Financing Receipts (Disbursements)	(364,947)	(230,086)
Sale of Assets, Transfers, Advances, and Remittances	374,113	119,707
<i>Change in Net Assets</i>	9,166	(110,379)
Net Assets Beginning of Year	1,468,279	1,578,658
Net Assets End of Year	\$ 1,477,445	1,468,279

The Health District's direct charges to users of health services were the largest source of receipts accounting for 39% of total receipts in 2011. 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 2011. 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, 2011
(UNAUDITED)

At the end of 2011, the Health District's governmental funds reported total ending fund balances of \$1,477,445. Of the total, \$1,303,289 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. \$156,346 is classified as restricted for constraints imposed by grant agreements, a tuberculosis control levy, and State legislation for a construction demolition and debris fee. \$15,309 is classified as committed for encumbrances related to contractual obligations, and \$2,501 is assigned to encumbrances unrelated to contractual obligations.

The General Fund is the chief operating fund of the Health District. At the end of 2011, unassigned fund balance in the General Fund was \$1,303,326. The total fund balance of the General Fund increased \$14,893 during 2011 to \$1,321,136 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 42% of the total General Fund disbursements.

The governmental funds had total receipts of \$3,924,233 and disbursements of \$4,289,180. The governmental funds had an increase in cash balance of \$9,166.

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 2011, 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.

Mahoning County District Board of Health

Statement of Net Assets - Cash Basis

December 31, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,477,445</u>
<i>Total Assets</i>	<u><u>\$1,477,445</u></u>
Net Assets	
Restricted for:	
Grants	\$30,576
TB Control	41,320
Construction Demolition & Debris	84,450
Committed for:	
Encumbrances for Contractual Agreements	15,309
Assigned for:	
Noncontractual Encumbrances	2,501
Unrestricted	<u>1,303,289</u>
<i>Total Net Assets</i>	<u><u>\$1,477,445</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, 2011

	Program Cash			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Health	\$4,246,707	\$1,506,080	\$1,203,818	(1,536,809)
Capital Outlay	42,473			(42,473)
<i>Total Governmental Activities</i>	<u>\$4,289,180</u>	<u>\$1,506,080</u>	<u>\$1,203,818</u>	<u>(1,579,282)</u>
General Receipts:				
Property Taxes Levied for General Purposes				1,075,449
Sale of Capital Assets				3,374
Miscellaneous				138,886
Special Item - Remittances to Other Government Agencies				(168,465)
Transfers				539,204
<i>Total General Receipts, Special Item and Transfers</i>				<u>1,588,448</u>
Change in Net Assets				9,166
<i>Net Assets Beginning of Year</i>				<u>1,468,279</u>
<i>Net Assets End of Year</i>				<u><u>\$1,477,445</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, 2011

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,321,136	\$30,576	\$125,733	\$1,477,445
<i>Total Assets</i>	<u>\$1,321,136</u>	<u>\$30,576</u>	<u>\$125,733</u>	<u>\$1,477,445</u>
Fund Balances				
Restricted		\$30,576	\$125,770	156,346
Committed	\$15,309			15,309
Assigned	2,501			2,501
Unassigned (Deficit)	1,303,326		(37)	1,303,289
<i>Total Fund Balances</i>	<u>\$1,321,136</u>	<u>\$30,576</u>	<u>\$125,733</u>	<u>\$1,477,445</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, 2011

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$923,907		\$151,542	\$1,075,449
Charges for Services	1,004,911	9,095	208,670	1,222,676
Fines, Licenses and Permits	283,404			283,404
Intergovernmental	190,578	664,780	348,460	1,203,818
Miscellaneous	138,886			138,886
<i>Total Receipts</i>	<u>2,541,686</u>	<u>673,875</u>	<u>708,672</u>	<u>3,924,233</u>
Disbursements				
Current:				
Health	3,069,216	660,617	516,874	4,246,707
Capital Outlay	27,655	10,971	3,847	42,473
<i>Total Disbursements</i>	<u>3,096,871</u>	<u>671,588</u>	<u>520,721</u>	<u>4,289,180</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(555,185)</u>	<u>2,287</u>	<u>187,951</u>	<u>(364,947)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	3,374			3,374
Transfers In	539,204			539,204
Transfers Out				0
Advances In	41,500		14,000	55,500
Advances Out	(14,000)		(41,500)	(55,500)
Remittances to Other Government Agencies			(168,465)	(168,465)
<i>Total Other Financing Sources (Uses)</i>	<u>570,078</u>	<u>0</u>	<u>(195,965)</u>	<u>374,113</u>
<i>Net Change in Fund Balances</i>	14,893	2,287	(8,014)	9,166
<i>Fund Balances, January 1</i>	<u>1,306,243</u>	<u>28,289</u>	<u>133,747</u>	<u>1,468,279</u>
<i>Fund Balances, December 31</i>				
<i>Restricted</i>		30,576	125,770	156,346
<i>Committed</i>	15,309			15,309
<i>Assigned</i>	2,501			2,501
<i>Unassigned (Deficit)</i>	<u>1,303,326</u>		<u>(37)</u>	<u>1,303,289</u>
<i>Fund Balances, December 31</i>	<u>\$1,321,136</u>	<u>\$30,576</u>	<u>\$125,733</u>	<u>\$1,477,445</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$979,000	\$979,000	\$923,907	(\$55,093)
Charges for Services	935,449	918,749	1,004,911	86,162
Fines, Licenses and Permits	258,245	258,245	283,404	25,159
Intergovernmental:	134,568	134,568	190,578	56,010
Miscellaneous	109,771	109,771	138,886	29,115
<i>Total Receipts</i>	<u>2,417,033</u>	<u>2,400,333</u>	<u>2,541,686</u>	<u>141,353</u>
Disbursements				
Current:				
Health	2,817,733	3,360,596	3,087,026	273,570
Capital Outlay	64,800	45,504	27,655	17,849
<i>Total Disbursements</i>	<u>2,882,533</u>	<u>3,406,100</u>	<u>3,114,681</u>	<u>291,419</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(465,500)</u>	<u>(1,005,767)</u>	<u>(572,995)</u>	<u>432,772</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	3,374	3,374
Transfers In	446,000	446,000	539,204	93,204
Advances In	19,500	19,500	41,500	22,000
Advances Out	0	(14,000)	(14,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>465,500</u>	<u>451,500</u>	<u>570,078</u>	<u>118,578</u>
<i>Net Change in Fund Balance</i>	<u>0</u>	<u>(554,267)</u>	<u>(2,917)</u>	<u>551,350</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	1,220,250	1,220,250	1,220,250	0
Prior Year Encumbrances Appropriated	85,993	85,993	85,993	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$1,306,243</u>	<u>\$751,976</u>	<u>\$1,303,326</u>	<u>\$551,350</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Charges for Services	8,000	8,000	9,095	1,095
Intergovernmental:	658,103	658,103	664,780	6,677
Miscellaneous	3	3	0	(3)
<i>Total Receipts</i>	<u>666,106</u>	<u>666,106</u>	<u>673,875</u>	<u>7,769</u>
Disbursements				
Current:				
Health	683,066	683,066	660,974	22,092
Capital Outlay	10,972	10,972	10,971	1
<i>Total Disbursements</i>	<u>694,038</u>	<u>694,038</u>	<u>671,945</u>	<u>22,093</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,932)</u>	<u>(27,932)</u>	<u>1,930</u>	<u>29,862</u>
<i>Net Change in Fund Balance</i>	(27,932)	(27,932)	1,930	29,862
<i>Unencumbered Fund Balance Beginning of Year</i>	28,289	28,289	28,289	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$357</u>	<u>\$357</u>	<u>\$30,219</u>	<u>\$29,862</u>

See accompanying notes to the basic financial statements

Mahoning County District Board of Health
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$19,327</u>
<i>Total Assets</i>	<u><u>\$19,327</u></u>
Net Assets	
Due to Other Funds	\$15,114
Due to Client for Permit Refund	330
Held on Behalf of the State of Ohio	<u>3,883</u>
<i>Total Net Assets</i>	<u><u>\$19,327</u></u>

See accompanying notes to the basic financial statements

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 1 – Reporting Entity

The Mahoning 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. 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. 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, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

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. 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 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 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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Health District under a trust agreement for individuals, private organizations, or other governments and are not available to support the Health District's own programs. The Health District did not have any trust funds in 2011. 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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the Health District may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

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

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

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
120 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Interfund Receivables/Payables

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 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 Assets

Net assets are 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 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.

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:

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 2 - Summary of Significant Accounting Policies (Continued)

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

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

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

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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 3 – Change in Accounting Principle and Restatement of Net Assets/Fund Equity

For 2011, the Health District implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

Note 4 - Accountability and Compliance

Accountability

Contrary to Ohio law, at December 31, 2011, the Mixed Grant Fund had a cash deficit balance of \$37. A year-end cash advance was made to the Mixed Grant Fund from the General Fund to offset the anticipated deficit, but due to a slight underestimation of payroll taxes, the Health District did not advance quite enough funds.

Compliance

The Health District has no significant violations of finance-related legal or contractual provisions as of December 31, 2011.

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 the 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 \$17,810 for the General Fund and \$357 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 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 6 - Property Taxes (Continued)

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. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Health District operations for the year ended December 31, 2011, was \$.28 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2011 property tax receipts were based are as follows:

Real Property	
Residential	\$2,322,244,570
Agriculture	146,966,970
Commercial/Industrial/Mineral	730,637,890
Public Utility Property	
Real	593,520
Personal	108,766,240
Total Assessed Value	<u>\$3,309,209,190</u>
Plus Tax Loss Reimbursement *	30,164,631
Grand Total	<u>\$3,339,373,821</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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 7 – Interfund Receivables/Payables

Interfund balances at December 31, 2011, consisted of the following individual fund receivables and payables:

	Receivable	Payable
	Advance to Other Funds	Advance from Other Funds
Major Funds		
General Fund	\$53,000	
Other Governmental Funds		
Mixed Grants Fund		14,000
TB Clinic Fund		39,000
<i>Total Governmental Activities</i>	53,000	53,000
Total	\$53,000	\$53,000

Interfund balances at December 31, 2011, consisted of \$14,000 advanced from the General Fund to the Mixed Grants special revenue fund at the end of 2011 to offset a deficit cash balance. This advance is expected to be repaid within one year. It also consists of \$39,000 owed by the TB Clinic 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, 2011, \$58,500 has been repaid to the General Fund. The remaining \$39,000 is expected to be repaid over the next two to three years.

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 2011, 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 2011 monthly premiums were as follows:

Tier	Monthly Premium	Employee 10% Co-share	Health District Cost
Single	\$724.00	\$72.40	\$651.60
Employee & Children	\$1,345.00	\$134.50	\$1,210.50
Employee & Spouse	\$1,446.00	\$144.60	\$1,301.40
Family	\$1,541.00	\$154.10	\$1,386.90

Mahoning District Board of Health
 Mahoning County
 Notes to the Financial Statements
 For the Year Ended December 31, 2011

Note 8 - Risk Management (Continued)

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

PEP uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These arrangements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge PEP's primary liability for such payments. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims. The Board of Directors and ARPCO periodically review the financial strength of PEP and other market conditions to determine the appropriate level of risk PEP will retain.

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

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, 2010 and 2009 (the latest information available):

<u>Casualty & Property Coverage</u>	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets – unrestricted	<u>\$20,631,198</u>	<u>\$21,118,036</u>

The casualty coverage assets and retained earnings above include approximately \$12.4 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 (the latest information available). PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The Health District's share of these unpaid claims collectible in future years is approximately \$53,000.

Mahoning District Board of Health
 Mahoning County
 Notes to the Financial Statements
 For the Year Ended December 31, 2011

Note 8 - Risk Management (Continued)

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>	
2010	\$23,254
2011	\$26,428

PEP's seven-member governing board consists of representatives from each of the following different sectors of membership: counties, health districts, park districts and cities.

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

Type of Coverage	Coverage	Deductible
Public Entities Pool		
Blanket Property and Contents, Replacement	\$487,900	\$500
Legal Liability - Third Party Claims	2,000,000	1,000
Automobile Liability	2,000,000	0
Electronic Data Processing Equip.	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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 9 - Defined Benefit Pension Plans (Continued)

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, 2011, members in state and local classifications contributed 10 percent of covered payroll. The Health District paid 100% of the employee share to OPERS for its union employees per the collective bargaining agreement and Board authorization. Members in the state and local classifications may participate in all three plans. For 2011, member and employer contribution rates were consistent across all three plans.

The Health District's 2011 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 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for calendar year 2011. 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, 2011, 2010, and 2009 were \$432,267, \$498,396, and \$442,421, 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 2011, 2010, and 2009. Contributions to the Member-Directed Plan for 2011 were \$3,580.

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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 10 - Postemployment Benefits (Continued)

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% of covered payroll during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011.

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

The Health District's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$123,499, \$181,369, and \$186,496, respectively. 100 percent has been contributed for 2011, 2010, and 2009.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 11 – Leases

The Health District leases buildings and office equipment under noncancelable leases. The Health District disbursed \$222,405 to pay lease costs for the year ended December 31, 2011. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2012	\$224,459
2013	133,415
2014	<u>26,320</u>
Total	<u>\$384,194</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:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Federal Grants Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for				
Tuberculosis Clinic	0	0	41,320	41,320
Public Health Infrastructure Grant	0	24,306	0	24,306
Adult Day Services Grant	0	6,270	0	6,270
Construction Demo & Debris	0	0	84,450	84,450
<i>Total Restricted</i>	<u>0</u>	<u>30,576</u>	<u>125,770</u>	<u>156,346</u>
Committed to				
Contracts	15,309	0	0	15,309
<i>Total Committed</i>	<u>15,309</u>	<u>0</u>	<u>0</u>	<u>15,309</u>
Assigned to				
Encumbrances	2,501	0	0	2,501
<i>Total Assigned</i>	<u>2,501</u>	<u>0</u>	<u>0</u>	<u>2,501</u>
Unassigned (deficits):	1,303,326	0	(37)	1,303,289
<i>Total Fund Balances</i>	<u>\$1,321,136</u>	<u>\$30,576</u>	<u>\$125,733</u>	<u>\$1,477,445</u>

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 13 - Interfund Transfers

During 2011 the following transfers were made:

<u>Transfers To</u>	<u>Transfers From</u>	
	Agency Funds	Total
General Fund	539,204	539,204
Total	<u>539,204</u>	<u>539,204</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.

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.

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

**FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Health/ Youngstown Area Community Action Council:			
Special Supplemental Nutrition Program for Women, Infants and Children	FY-11 FY-12	10.557	\$ 8,718 994
Total U.S. Department of Agriculture			<u>9,712</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed Through State Department of Aging/ District XI Area Agency on Aging, Inc.:			
Title III, Part B - Grants for Supportive Services and Senior Centers	FY-11-6352	93.044	44,604
Passed Through Ohio Department of Health:			
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	05010011LD0411	93.197	46,723
Public Health Emergency Preparedness	05010012PH0211 05010012PH0312	93.069	284,345 <u>51,619</u>
Total CFDA # 93.069			335,964
Maternal and Child Health Services Block Grant to the States	05010011LE0411 05010011MC0411 05010011MC0512	93.994	48,082 183,557 <u>32,112</u>
Total CFDA # 93.994			263,751
Passed Through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program		93.008	<u>7,689</u>
Total U.S. Department of Health and Human Services			<u>698,731</u>
Total Federal Financial Assistance			<u><u>\$ 708,443</u></u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE
YEAR ENDED DECEMBER 31, 2011**

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.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' 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 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, 2011, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated June 20, 2012 wherein we noted the Health District adopted the provisions of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Health District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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



Dave Yost
Auditor of State

June 20, 2012



Dave Yost • Auditor of State

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

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

To the Members of the Board:

Compliance

We have audited the compliance of Mahoning County District Board of Health (the "Health District") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Mahoning County District Board of Health's major federal programs for the year ended December 31, 2011. The *Summary of Auditor's Results* section of the accompanying schedule of findings identifies the Health District's major federal programs. The Health District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Health District's compliance based on our audit.

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

In our opinion, the Mahoning County District Board of Health complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

The Health District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Health District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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 compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Dave Yost
Auditor of State

June 20, 2012

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

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 significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 93.069 – Public Health Emergency Preparedness 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?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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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
JULY 10, 2012**