



Mary Taylor, CPA
Auditor of State

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mahoning District Board of Health, Mahoning County, Ohio (the "Health District"), as of and for the year ended December 31, 2005, 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 basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning District Board of Health, Mahoning County, Ohio, as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the General, Federal Grant and Mixed Grant funds for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2007, 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 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditures schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 14, 2007

MAHONING DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

The discussion and analysis of Mahoning District Board of Health's financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2005, 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 2005 are as follows:

- The net assets of the Health District were \$1,169,176 at the close of the year ended December 31, 2005. Of this amount, \$772,542 (unrestricted net assets) may be used to meet the Health District's ongoing obligations to citizens and creditors. \$190,443 is classified as restricted for special revenue funds and \$206,191 is classified as restricted for general fund encumbrances.
- At the end of the current fiscal year, the Health District's governmental funds reported a combined ending fund balance of \$1,169,176. Of this amount, \$772,542 is available for spending (unreserved fund balance) on behalf of its citizens.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$772,542, or a little more than 24% of total General Fund expenditures and other financing uses.
- The Health District's total net assets decreased by \$148,291, which represents an 11% decrease from 2004.
- The Health District had \$4,597,863 in disbursements in 2005.

Using the Basic Financial Statements

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

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

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

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

MAHONING DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Basis of Accounting

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

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

Reporting the Health District as a Whole

The statement of net assets and the statement of activities reflect how the Health District did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Health District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

These statements report the Health District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Health District's financial health. Over time, increases or decreases in the Health District's cash position is one indicator of whether the Health District's financial health is improving or deteriorating. When evaluating the Health District's financial condition, you should also consider other nonfinancial factors as well such as the Health District's property tax base, condition of the Health District's capital assets, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as intergovernmental revenues.

In the statement of net assets and the statement of activities, the Health District's activities are all governmental activities:

Governmental activities. The Health District's basic health services are reported here. Local intergovernmental revenues and state and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Health District's Most Significant Funds

Fund Financial Statements

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

MAHONING DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Governmental Funds - Most of the Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs. The Health District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Health District's major governmental funds are the General, Federal Grants and Mixed Grants Funds. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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

The Health District as a Whole

Table 1 provides a summary of the Health District's net assets for 2005 compared to 2004 on a cash basis:

Table 1
Net Assets

	Governmental Activities	
	2005	2004
Assets		
Equity in pooled cash and investments at fair value	\$1,169,176	\$1,317,465
Net Assets		
Restricted:		
Special Revenue	190,443	226,195
General Fund restricted for encumbrances	206,191	152,956
Unrestricted	772,542	938,314
<i>Total Net Assets</i>	\$1,169,176	\$1,317,465

As mentioned previously, net assets decreased \$148,291 or 13 percent during 2005. The decrease is due primarily to increased salaries and fringe benefits disbursements combined with a slight decrease in operating grants revenue.

MAHONING DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

Table 2 reflects the changes in net assets on a cash basis in 2005 and 2004 for governmental activities.

Table 2
Changes in Net Assets

	<u>2005</u>	<u>2004</u>
<i>Program Cash Receipts</i>		
Charges for Services	\$ 1,224,238	1,013,875
Operating Grants and Contributions	1,869,160	2,748,512
<i>General Receipts</i>		
Grants and Contributions - Unrestricted	881,207	25,298
Property Taxes	<u>183,480</u>	<u>181,196</u>
<i>Total Receipts</i>	<u>4,158,085</u>	<u>3,968,881</u>
 <i>Disbursements</i>		
Health	<u>4,597,863</u>	<u>4,193,203</u>
<i>Total Disbursements</i>	<u>4,597,863</u>	<u>4,193,203</u>
 Change in Net Assets before Transfers	 (439,778)	 (224,322)
 Transfers	 <u>291,487</u>	 <u>376,037</u>
 <i>Change in Net Assets</i>	 (148,291)	 151,715
 Net Assets Beginning of Year	 <u>1,317,467</u>	 <u>1,165,752</u>
Net Assets End of Year	\$ <u><u>1,169,176</u></u>	<u><u>1,317,467</u></u>

Operating grants and contributions were the largest source of receipts accounting for 45% of total receipts in 2005. The Health District's direct charges to users of health services made up 29% of total receipts in 2005. 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.

Governmental Activities

If you look at the first column of the Statement of Activities - Cash Basis, you will see that the services provided by the Health District are all health related. The second column (Cash Disbursements) shows the cost of providing these services. The next two columns entitled Program Cash Receipts identify amounts paid by people who are directly charged for health services and grants received by the Health District that must be used to provide a specific service. The last column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the statement.

MAHONING DISTRICT BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED

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

The Health District's Funds

The governmental funds had total receipts of \$4,449,572 and disbursements of \$4,597,863. The governmental funds had a decrease in the cash balance of \$148,291.

The fund balance of the General Fund decreased \$100,949 to \$990,322 at year-end. The ending fund balance of the General Fund represents 31% of annual disbursements. The Federal Grants and Mixed Grants Funds had disbursements that exceeded receipts of \$122,197 and \$58,740, respectively. The shortfall in the Federal Grants Funds was offset by transfers in. The Mixed Grants Fund had a negative fund balance of \$36,692 at year-end.

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 2005, 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, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Mahoning County Auditor, 120 Market Street, Youngstown, OH 44503.

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**MAHONING DISTRICT BOARD OF HEALTH
County of Mahoning**

Statement of Net Assets - Cash Basis

December 31, 2005

	<u>Primary Government</u>
	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and investments at fair value	\$ 1,169,176
Total Assets	<u>1,169,176</u>
Net Assets:	
Restricted for:	
Special revenue	190,443
General fund restricted for encumbrances	206,191
Unrestricted	<u>772,542</u>
Total Net Assets	<u>\$ 1,169,176</u>

See accompanying notes to the basic financial statements

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

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2005*

Functions/Programs	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental activities:				
Health	\$ 4,597,863	\$ 1,224,238	\$ 1,869,160	(1,504,465)
Total Governmental Activities	\$ 4,597,863	\$ 1,224,238	\$ 1,869,160	\$ (1,504,465)

General revenues:	
Property taxes	183,480
Grants and contributions not restricted to specific programs	881,207
Transfers	291,487
Total general revenues and transfers	<u>1,356,174</u>
Change in net assets	(148,291)
Net assets - beginning	1,317,467
Net assets - ending	<u>\$ 1,169,176</u>

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

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

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005*

	<i>General</i>	<i>Federal Grants</i>	<i>Mixed Grants</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets					
Equity in pooled cash and investments at fair value	\$ 990,322	\$ 1,153	\$ (36,692)	\$ 214,393	\$ 1,169,176
Total Assets	<u>990,322</u>	<u>1,153</u>	<u>(36,692)</u>	<u>214,393</u>	<u>1,169,176</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	206,191	27,815	125,825	36,803	396,634
Unreserved, reported in:					
General fund	784,131	-	-	-	784,131
Special revenue funds		(26,662)	(162,517)	177,590	(11,589)
Total Fund Balances	<u>\$ 990,322</u>	<u>\$ 1,153</u>	<u>\$ (36,692)</u>	<u>\$ 214,393</u>	<u>\$ 1,169,176</u>

See accompanying notes to the basic financial statements

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

*Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

	<i>General</i>	<i>Federal Grants</i>	<i>Mixed Grants</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Receipts					
Property and other taxes	\$ -	\$ -	\$ -	\$ 183,480	\$ 183,480
Fees and charges for services	776,297	5,056	483	132,115	913,951
Licenses and permits	256,960				256,960
Intergovernmental	1,651,386	553,082	289,966	255,930	2,750,364
All other revenue	52,408			922	53,330
<i>Total Receipts</i>	<u>2,737,051</u>	<u>558,138</u>	<u>290,449</u>	<u>572,447</u>	<u>4,158,085</u>
Disbursements					
Current:					
Health	3,103,304	680,335	349,189	465,035	4,597,863
<i>Total Disbursements</i>	<u>3,103,304</u>	<u>680,335</u>	<u>349,189</u>	<u>465,035</u>	<u>4,597,863</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(366,253)</u>	<u>(122,197)</u>	<u>(58,740)</u>	<u>107,412</u>	<u>(439,778)</u>
<i>Other Financing Sources (Uses)</i>					
Transfers in	368,227	102,444		5,511	476,182
Transfers out	(102,923)	(2,143)	(1)	(79,628)	(184,695)
<i>Total Other Financing Sources</i>	<u>265,304</u>	<u>100,301</u>	<u>(1)</u>	<u>(74,117)</u>	<u>291,487</u>
<i>Net Change in Fund Balances</i>	(100,949)	(21,896)	(58,741)	33,295	(148,291)
<i>Fund Balances Beginning of Year</i>	<u>1,091,271</u>	<u>23,049</u>	<u>22,049</u>	<u>181,098</u>	<u>1,317,467</u>
<i>Fund Balances End of Year</i>	<u>\$ 990,322</u>	<u>\$ 1,153</u>	<u>\$ (36,692)</u>	<u>\$ 214,393</u>	<u>\$ 1,169,176</u>

See accompanying notes to the basic financial statements

MAHONING DISTRICT BOARD OF HEALTH
COUNTY OF MAHONING

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

(Non-GAAP Budgetary Basis)

For the Year Ended December 31, 2005

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget - Positive (Negative)</i>
<i>Receipts</i>				
Property and other taxes	\$ 794,348	\$ 794,348	\$ 808,965	\$ 14,617
Fees and charges for services	606,650	606,650	776,297	169,647
Licenses and permits	185,475	185,475	256,960	71,485
Intergovernmental	860,124	867,814	842,421	(25,393)
All other revenue	93,960	93,960	52,405	(41,555)
<i>Total Receipts</i>	2,540,557	2,548,247	2,737,048	188,801
<i>Disbursements</i>				
<i>Current:</i>				
<i>Health</i>				
Personal services	2,290,130	2,355,777	2,300,257	55,520
Materials and supplies	141,125	181,237	159,709	21,528
Contractual services	476,781	712,980	641,564	71,416
Travel	80,830	95,549	78,111	17,438
Utilities	46,950	51,443	38,019	13,424
Capital outlay	48,400	112,361	91,257	21,104
Other	574	574	577	(3)
<i>Total Disbursements</i>	3,084,790	3,509,921	3,309,494	200,427
<i>Deficiency Of Receipts Over Disbursements</i>	(544,233)	(961,674)	(572,446)	389,228
<i>Other Financing Sources (Uses)</i>				
Transfers in	340,675	340,675	368,227	27,552
Transfers out	(88,791)	(104,475)	(102,923)	1,552
<i>Total Other Financing Sources</i>	251,884	236,200	265,304	29,104
<i>Net Change in Fund Balance</i>	(292,349)	(725,474)	(307,142)	418,332
<i>Fund Balance At Beginning Of Year</i>	938,315	938,315	938,315	-
<i>Fund Deficit At Beginning Of Year (incl encumbrances)</i>	934,037	934,037	934,037	-
<i>Prior Year Encumbrances Appropriated</i>	152,958	152,958	152,958	-
<i>Fund Balance At End Of Year</i>	\$ 798,924	\$ 365,799	\$ 784,131	\$ 418,332

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

MAHONING DISTRICT BOARD OF HEALTH

County of Mahoning

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

(Non-GAAP Budgetary Basis)

For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Receipts				
Fees and charges for services	\$ 3,800	\$ 3,800	\$ 5,056	\$ 1,256
Intergovernmental	477,033	680,226	553,082	(127,144)
Total Receipts	480,833	684,026	558,138	(125,888)
Disbursements				
Current:				
<i>Health</i>				
Personal services	356,401	523,992	478,945	45,047
Materials and supplies	40,839	63,602	46,852	16,750
Contractual services	37,612	77,536	77,436	100
Travel	18,036	25,292	20,876	4,416
Utilities	4,319	7,245	4,632	2,613
Capital outlay	23,626	83,726	79,409	4,317
Total Disbursements	480,833	781,393	708,150	73,243
Excess (Deficiency) Of Receipts Over Disbursements		(97,367)	(150,012)	(52,645)
Other Financing Sources (Uses)				
Transfers in	-	102,444	102,444	-
Transfers out	-	(2,146)	(2,143)	3
Total Other Financing Sources		100,298	100,301	3
Net Change in Fund Balance	-	2,931	(49,711)	(52,642)
Fund Balance At Beginning Of Year	(7,455)	(7,455)	(7,455)	-
Prior Year Encumbrances Appropriated	30,504	30,504	30,504	-
Fund Balance At End Of Year	\$ 23,049	\$ 25,980	\$ (26,662)	\$ (52,642)

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

MAHONING DISTRICT BOARD OF HEALTH

County of Mahoning

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

(Non-GAAP Budgetary Basis)

For the Year Ended December 31, 2005

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Receipts				
Fees and charges for services	\$ -	\$ 2,658	\$ 483	\$ (2,175)
Intergovernmental	288,273	500,210	289,966	(210,244)
Total Receipts	288,273	502,868	290,449	(212,419)
Disbursements				
Current:				
<i>Health</i>				
Personal services	127,356	223,756	196,412	27,344
Materials and supplies	988	988	883	105
Contractual services	156,947	291,531	275,414	16,117
Travel	1,229	1,229	789	440
Utilities	1,233	1,233	997	236
Capital outlay	520	520	519	1
Total Disbursements	288,273	519,257	475,014	44,243
Deficiency Of Receipts Over Disbursements		(16,389)	(184,565)	(168,176)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(1)	(1)	-
Total Other Financing Sources	-	(1)	(1)	-
Net Change in Fund Balance	-	(16,390)	(184,566)	(168,176)
Fund Balance At Beginning Of Year	(25,171)	(25,171)	(25,171)	-
Prior Year Encumbrances Appropriated	47,220	47,220	47,220	-
Fund Balance(Deficit) At End Of Year	\$ 22,049	\$ 5,659	\$ (162,517)	\$ (168,176)

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

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Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

A five-member Board of Health appointed by the District Advisory Council governs the Health District. The Board appoints a health commissioner and all employees of the Health District. The Health District's services include communicable disease investigations, immunization clinics, inspections, public health nursing services and the issuance of health-related licenses and permits.

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

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.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Health District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Health District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Health District at year end. The statement of activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible.

Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 - Summary of Significant Accounting Policies - (Continued)

Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Health District.

Fund Financial Statements

During the year, the Health District segregates transactions related to certain Health District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Health District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental Funds

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

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

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

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Health District under a trust agreement for individuals, private organizations, or other governments and are not available to support the Health District's own programs. The Health District did not have any trust funds in 2005.

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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 - Summary of Significant Accounting Policies - (Continued)

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

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 represents the final appropriation amounts passed by the Board of Health during the year.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 - Summary of Significant Accounting Policies - (Continued)

E. Cash and Investments

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

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

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 - Summary of Significant Accounting Policies - (Continued)

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include federal and state grant monies. The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

N. Fund Balance Reserves

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

O. Interfund Transactions

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

Note 3 - Accountability and Compliance

A. Accountability

The Mixed Grants Fund has a deficit fund balance of \$36,692. The deficit fund balance will be eliminated upon receipt of reimbursement from the Ohio Department of Health.

B. Compliance

The Health District has no significant violations of finance-related legal or contractual provisions as of December 31, 2005.

Note 4 - Budgetary Basis of Accounting

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

General Fund	\$206,191
Major Special Revenue Funds:	
Federal Grants	\$27,815
Mixed Grants	\$125,825

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 5 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the County. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 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 alternate payment dates to be established.

Public utility personal property tax received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected in 2005 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the taxing districts their portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through agency funds. The amount of the County's tax collections is accounted for within the applicable funds.

The full tax rate for all Health District operations for the year ended December 31, 2005, was \$.28 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$2,039,720,140
Agriculture	107,940,510
Commercial/Industrial/Mineral	589,059,150
Public Utility Property	
Real	357,030
Personal	130,881,010
Tangible Personal Property	219,217,314
Total Assessed Value	<u>\$3,087,175,154</u>
Plus Tax Loss Reimbursement *	37,705,789
Grand Total	<u><u>\$3,124,880,943</u></u>

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

Note 6 - Risk Management

Risk Pool Membership

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

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

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of contributions to APEEP. APEEP reinsures claims exceeding the \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The St. Paul Travelers Insurance Company reinsures losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

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

Members may withdraw on each such anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Mahoning District Board of Health
 Mahoning County
 Notes to the Financial Statements
 For the Year Ended December 31, 2005

Note 6 - 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, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	(15,994,168)	(13,880,038)
Retained Earnings	\$13,725,507	\$13,557,131

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	(1,068,246)	(540,073)
Retained Earnings	\$3,375,086	\$3,108,199

The Casualty coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. 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 is approximately \$23,863 and \$25,578.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Health District participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions, plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the traditional plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of both the traditional 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. That may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6705 or 800-222-7377.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 7 - Defined Benefit Pension Plans - (Continued)

For the year ended December 31, 2005, members of all three plans were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The Health District paid the employee share of 8.5% to OPERS for its employees per the collective bargaining agreement and Board authorization. The Health District's contribution rate for pension benefits for 2005 was 13.55 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Health District's required contribution for pension obligations to the traditional pension and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$476,824, \$450,198, and \$483,668 respectively. These amounts include both the employer and employee share of contributions. As noted in the previous paragraph, the Health District pays both the employee share and the employer share. The full amount has been contributed for 2005, 2004 and 2003. Contributions to the member-directed plan for 2005 were \$1,013.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional pension or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional pension or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 employer contribution rate was 13.55 percent of covered payroll. The portion of employer contributions allocated to health care was 4 percent.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4 percent annually plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4 percent.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional pension and combined plans was 376,109 as of December 31, 2005. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$140,759. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2004 (the latest information available), was \$10.8 billion. The actuarially accrued liability and the unfunded actuarially accrued liability were \$29.5 billion and \$18.7 billion, respectively.

Mahoning District Board of Health
 Mahoning County
 Notes to the Financial Statements
 For the Year Ended December 31, 2005

Note 8 - Postemployment Benefits - (Continued)

On September 9, 2005 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care cost. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Note 9 – Leases

The Health District leases buildings and office equipment under noncancelable leases. The Health District disbursed \$235,824 to pay lease costs for the year ended December 31, 2005. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2006	\$235,949
2007	228,321
2008	140,358
2009	30,268
2010	0
Total	<u>\$634,896</u>

Note 10 - Interfund Transfers

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Federal Grants Fund	\$102,444
Agency Funds	479
Total Transfers from the General Fund	<u>\$102,923</u>

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

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Health District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Joint Ventures

Healthy Valley Alliance

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

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 12 – Joint Ventures - (Continued)

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 DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2005**

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-05 FY-06	10.557	\$ 8,123 2,816
Total U.S. Department of Agriculture			<u>10,939</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Mahoning County:			
Lead Based Paint Hazard Control Privately Owned Housing		14.900	<u>96,231</u>
Total U.S. Department of Housing and Urban Development			<u>96,231</u>
U.S. DEPARTMENT OF JUSTICE:			
Passed Through Ohio Department of Public Safety			
Community Prosecution and Project Safe Neighborhoods		16.609	<u>10,140</u>
Total U.S. Department of Justice			<u>10,140</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed Through Ohio Department of Public Safety:			
State and Community Highway Safety	5008.0 SC2006-50-00-00503	20.600	39,513 <u>5,276</u>
Total U.S. Department of Transportation			<u>44,789</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through State Department of Aging/ District XI Area Agency on Aging, Inc.:			
Special Programs for Aging - Title III, Part B - Support Services and Senior Centers	FY-04-6352 FY-05-6352	93.044	1,484 <u>37,790</u>
Total CFDA # 93.044			<u>39,274</u>
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	50-1-001-1-BD-05 50-1-001-1-BD-06	93.197	57,856 <u>35,515</u>
Total CFDA # 93.197			<u>93,371</u>
Passed Through Ohio Department of Health:			
Centers For Disease Control and Prevention Investigations and Technical Assistance	50-1-001-2-BI-05 50-1-001-2-BI-06	93.283	243,286 <u>52,090</u>
Total CFDA #93.283			<u>295,376</u>
Passed Through Ohio Department of Health:			
Maternal and Child Health Services Block Grant to the States	50-1-001-1-BE-05 50-1-001-1-BE-06 50-1-001-1-MC-05 50-1-001-1-MC-06	93.994	80,415 22,009 87,049 <u>144,716</u>
Total CFDA # 93.994			<u>334,189</u>
Passed Through Ohio Department of Health:			
Medical Assistance Program		93.778	<u>5,556</u>
Total U.S. Department of Health and Human Services			<u>767,766</u>
Total Federal Financial Assistance			<u>\$ 929,865</u>

The accompanying notes are an integral part of this schedule.

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**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
YEAR ENDED DECEMBER 31, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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

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

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

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Mary Taylor, CPA

Auditor of State

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

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

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning District Board of Health (the "Health District") as of and for the year ended December 31, 2005, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated June 14, 2007. 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 to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Health District's management dated June 14, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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*.

Mahoning District Board of Health
Mahoning County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 14, 2007



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To the Members of the Board:

Compliance

We have audited the compliance of Mahoning 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 apply to its major federal program for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the Health District's major federal program. The Health District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Health District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of 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 those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Health District's compliance with those requirements.

In our opinion, the Mahoning District Board of Health complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

The Health District's management is responsible for establishing and maintaining effective internal control over compliance with 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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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www.auditor.state.oh.us

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

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

Mary Taylor, CPA
Auditor of State

June 14, 2007

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2005**

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 weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions 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 weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 93.994/ Block Grant Maternal and Child Health Services
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

DISTRICT BOARD OF HEALTH

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 19, 2007**