



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

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

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning County District Board of Health, Mahoning County, Ohio (the Health District), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Health District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Health District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning County District Board of Health, Mahoning County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General and Federal Grants Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental Information*

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Other Information*

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2016, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health District's internal control over financial reporting and compliance.

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

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

August 22, 2016

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MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
UNAUDITED

The discussion and analysis of Mahoning County District Board of Health's (The "Health District") financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2015, 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 2015 are as follows:

- The net position of the Health District was \$1,541,057 at the close of the year ended December 31, 2015. Of this amount, \$1,242,711 is unrestricted and may be used to meet the Health District's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,162,536, or about 43% of total General Fund expenditures and other financing uses.
- The Health District's total net position increased by \$93,103, which represents a 6% increase from 2014.
- The Health District had \$5,349,109 in receipts and \$5,256,006 in disbursements in 2015.

**Using the Basic Financial Statements**

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

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

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

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

**Basis of Accounting**

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

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

**Reporting the Health District as a Whole**

The Statement of Net Position and the Statement of Activities reflect how the Health District did financially during 2015, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the Health District at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Health District's general receipts.

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

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Health District's services. The Health District had no business-type activities.

**Reporting the Health District's Most Significant Funds**

*Fund Financial Statements*

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

Governmental Funds - All of the Health District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Health District's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Health District's health programs. The Health District's major funds are the General Fund and the Federal Grants Fund. All other nonmajor funds are reported as Other Governmental Funds. Other Governmental Funds include: Child and Family Health Services Program Fund, Immunization Action Plan Fund, Food Service Fund, Camps Fund, Landfill Fund, Well Water Fund, Pools Fund, Install Permits Fund, TB Clinic Fund, Western Reserve Health Foundation 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.

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
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**The Health District as a Whole**

Table 1 provides a summary of the Health District's net position for 2015 compared to 2014 on a cash basis:

As mentioned previously, net position increased \$93,103. The increase is due primarily to replacing four long-time management employees who resigned or retired between December 2014 and August 2015 with employees earning 10% to 20% less in wages.

<b>Net Position</b>		<b>Governmental Activities</b>	
		<b>2015</b>	<b>2014</b>
<b>Assets</b>			
Equity in pooled cash and investments at fair value		<u>\$1,541,057</u>	<u>\$1,447,954</u>
<b>Net Assets</b>			
Restricted		298,346	284,285
Unrestricted		<u>1,242,711</u>	<u>1,163,669</u>
<i>Total Net Position</i>		<u><u>\$1,541,057</u></u>	<u><u>\$1,447,954</u></u>

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
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Table 2 reflects the changes in net position for 2015 compared to 2014.

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

	<b>2015</b>	<b>2014</b>
<i>Program Cash Receipts</i>		
Charges for Services, Fines, Licenses & Permits	\$ 2,397,100	2,407,480
Grants and Apportionments	1,803,443	1,840,971
<i>General Receipts</i>		
Property Taxes	1,080,419	1,059,715
Miscellaneous Revenue	68,147	187,381
<i>Total Receipts</i>	5,349,109	5,495,547
 <i>Disbursements</i>		
Health & Capital Outlay	5,256,006	5,568,548
<i>Total Disbursements</i>	5,256,006	5,568,548
 Change in Net Assets before Other Financing Sources (Uses)	93,103	(73,001)
 Other Financing Sources (Uses)	0	3,912
 <i>Change in Net Assets</i>	93,103	(69,089)
 Net Assets Beginning of Year	1,447,954	1,517,043
Net Assets End of Year	\$ 1,541,057	1,447,954

The Health District's direct charges to users of health services were the largest source of receipts accounting for 45% of total receipts in 2015. These receipts consist primarily of charges for services for vaccinations, food service licenses, and various permits such as plumbing, sewage systems, camps, pools and spas. Grants and apportionments were the second largest source of receipts accounting for 34% of total receipts in 2015. Property taxes accounted for 20% of total receipts. Miscellaneous revenue consists of donations, rent, reimbursements, charges for copies, and other miscellaneous receipts.

**Governmental Activities**

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

MAHONING COUNTY DISTRICT BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
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municipalities, taxpayers and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the statement.

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

**The Health District's Funds**

As noted earlier, the Health District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of the Health District's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Health District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Health District's net resources available for spending at the end of the year.

At the end of 2015, the Health District's governmental funds reported total ending fund balances of \$1,541,057. \$1,229,152 of the total is unassigned fund balance, which is available for spending. The remainder of fund balance is restricted, committed, or assigned to indicate it is not available for new spending. \$298,346 is classified as restricted for constraints imposed by grant agreements, a tuberculosis control levy, amounts due to the State of Ohio, and State legislation for a construction demolition and debris fee. \$1,855 is classified as committed for encumbrances related to contractual obligations, and \$11,704 is assigned to encumbrances unrelated to contractual obligations.

The General Fund is the chief operating fund of the Health District. At the end of 2014, unassigned fund balance in the General Fund was \$1,143,692. The total fund balance of the General Fund increased \$19,640 during 2015 to \$1,175,682 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 45% of the total General Fund disbursements.

The governmental funds had total receipts of \$5,349,109 and disbursements of \$5,256,006. The governmental funds had an increase in cash balance of \$93,103.

**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 2015, the Health District did not make any significant amendments to its General Fund budget.

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

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

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**Mahoning County District Board of Health**

*Statement of Net Position - Cash Basis*

*December 31, 2015*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,541,057</u>
<i>Total Assets</i>	<u><u>\$1,541,057</u></u>
<b>Net Position</b>	
Restricted for:	
Grants	\$132,216
License Fees Due to the State	1,481
TB Control	82,361
Construction Demolition & Debris	82,288
Unrestricted	<u>1,242,711</u>
<i>Total Net Position</i>	<u><u>\$1,541,057</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, 2015

	Program Cash			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Health	\$5,233,606	\$2,397,100	\$1,803,443	(\$1,033,063)
Capital Outlay	22,400			(22,400)
<i>Total Governmental Activities</i>	<u>\$5,256,006</u>	<u>\$2,397,100</u>	<u>\$1,803,443</u>	<u>(1,055,463)</u>
General Receipts:				
Property Taxes Levied for General Purposes				1,080,419
Miscellaneous				68,147
<i>Total General Receipts</i>				<u>1,148,566</u>
Change in Net Assets				93,103
<i>Net Assets Beginning of Year</i>				<u>1,447,954</u>
<i>Net Assets End of Year</i>				<u>\$1,541,057</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, 2015*

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,175,682	\$61,460	\$303,915	\$1,541,057
<i>Total Assets</i>	<u>\$1,175,682</u>	<u>\$61,460</u>	<u>\$303,915</u>	<u>\$1,541,057</u>
<b>Fund Balances</b>				
Restricted		\$61,460	\$236,886	\$298,346
Committed	\$1,855			1,855
Assigned	11,291		413	11,704
Unassigned	1,162,536		66,616	1,229,152
<i>Total Fund Balances</i>	<u>\$1,175,682</u>	<u>\$61,460</u>	<u>\$303,915</u>	<u>\$1,541,057</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, 2015*

	General	Federal Grants	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$918,470		\$161,949	\$1,080,419
Charges for Services	1,065,091		169,709	1,234,800
Fines, Licenses and Permits	507,447		654,853	1,162,300
Intergovernmental	126,764	\$1,201,212	404,567	1,732,543
Local Grant			70,900	70,900
Miscellaneous	68,147			68,147
<i>Total Receipts</i>	<u>2,685,919</u>	<u>1,201,212</u>	<u>1,461,978</u>	<u>5,349,109</u>
<b>Disbursements</b>				
Current:				
Health	2,596,675	1,204,759	1,432,172	5,233,606
Capital Outlay	13,189	5,552	3,659	22,400
<i>Total Disbursements</i>	<u>2,609,864</u>	<u>1,210,311</u>	<u>1,435,831</u>	<u>5,256,006</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>76,055</u>	<u>(9,099)</u>	<u>26,147</u>	<u>93,103</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	8,000	1,215	63,200	72,415
Advances Out	(64,415)	(8,000)		(72,415)
<i>Total Other Financing Sources (Uses)</i>	<u>(56,415)</u>	<u>(6,785)</u>	<u>63,200</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	19,640	(15,884)	89,347	93,103
<i>Fund Balances, January 1</i> <i>Restated - See Note 3</i>	<u>1,156,042</u>	<u>77,344</u>	<u>214,568</u>	<u>1,447,954</u>
<i>Fund Balances, December 31</i>				
Restricted		61,460	236,886	298,346
Committed	1,855			1,855
Assigned	11,291		413	11,704
Unassigned	1,162,536		66,616	1,229,152
<i>Fund Balances, December 31</i>	<u>\$1,175,682</u>	<u>\$61,460</u>	<u>\$303,915</u>	<u>\$1,541,057</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, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$910,000	\$910,000	\$918,470	\$8,470
Charges for Services	971,311	964,778	1,065,091	100,313
Fines, Licenses and Permits	353,006	378,728	507,447	128,719
Intergovernmental	131,016	167,535	126,764	(40,771)
Miscellaneous	52,298	52,298	68,147	15,849
<i>Total Receipts</i>	2,417,631	2,473,339	2,685,919	212,580
<b>Disbursements</b>				
Current:				
Health	2,358,831	2,998,852	2,609,821	389,031
Capital Outlay	58,800	29,614	13,189	16,425
<i>Total Disbursements</i>	2,417,631	3,028,466	2,623,010	405,456
<i>Excess of Receipts Over (Under) Disbursements</i>	0	(555,127)	62,909	618,036
<b>Other Financing Sources (Uses)</b>				
Advances In			8,000	8,000
Advances Out		(64,415)	(64,415)	0
<i>Total Other Financing Sources (Uses)</i>	0	(64,415)	(56,415)	8,000
<i>Net Change in Fund Balance</i>	0	(619,542)	6,494	626,036
<i>Unencumbered Fund Balance Beginning of Year</i>	1,143,692	1,143,692	1,143,692	0
Prior Year Encumbrances Appropriated	12,350	12,350	12,350	0
<i>Unencumbered Fund Balance End of Year</i>	\$1,156,042	\$536,500	\$1,162,536	\$626,036

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, 2015*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$854,922	\$1,299,117	# \$1,201,212	(\$97,905)
<i>Total Receipts</i>	<u>854,922</u>	<u>1,299,117</u>	<u>1,201,212</u>	<u>(97,905)</u>
<b>Disbursements</b>				
Current:				
Health		1,331,291	1,207,724	123,567
Capital Outlay		5,552	5,552	0
<i>Total Disbursements</i>	<u>0</u>	<u>1,336,843</u>	<u>1,213,276</u>	<u>123,567</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>854,922</u>	<u>(37,726)</u>	<u>(12,064)</u>	<u>25,662</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out		(5,944)		5,944
Advances In			1,215	1,215
Advances Out		(8,000)	(8,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(13,944)</u>	<u>(6,785)</u>	<u>7,159</u>
<i>Net Change in Fund Balance</i>	854,922	(51,670)	(18,849)	32,821
<i>Unencumbered Fund Balance Beginning of Year (Restated - See Note 3)</i>	70,929	70,929	70,929	0
Prior Year Encumbrances Appropriated	<u>6,415</u>	<u>6,415</u>	<u>6,415</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$932,266</u>	<u>\$25,674</u>	<u>\$58,495</u>	<u>\$32,821</u>

See accompanying notes to the basic financial statements

Mahoning County District Board of Health  
Mahoning County  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

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**Note 1 – Reporting Entity**

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

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

**Primary Government**

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

**Public Entity Risk Pool**

The Health District participates in a public entity risk pool. A description of the public entity risk pool is presented in Note 7.

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

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Health District’s accounting policies.

**Basis of Presentation**

The Health District’s basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

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

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The Statement of Net Position presents the cash balance of the governmental activities of the Health District at year end. The Statement of Activities compares disbursements and program receipts for each program or function of the Health District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Health District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Health District.

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

#### **Fund Accounting**

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

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

*General Fund* - The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

**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 2015. Agency funds are purely custodial in nature and are used to account for assets held by the Health District. The Health District did not have any agency funds in 2015.

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**Basis of Accounting**

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

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

**Budgetary Process**

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

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

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

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

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

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**Cash and Investments**

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

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

**Restricted Assets**

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

**Inventory and Prepaid Items**

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

**Capital Assets**

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

**Interfund Receivables/Payables**

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

**Accumulated Leave**

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

**Employer Contributions to Cost-Sharing Pension Plans**

The Health District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

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### **Long-Term Obligations**

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

### **Net Position**

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

The Health District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

### **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

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

**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

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represent intended uses established by the Health District or a Health District official delegated that authority by resolution or by State Statute.

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

The Health District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Interfund Transactions**

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

**Note 3 – Restatement of Fund Equity**

One of the Health District’s grant funds which was a federal grant in 2014 changed to a mixed grant in 2015 (the grant received both state and federal funding in 2015). Mixed grants are included in Other Governmental Funds. The Health District made the following modifications to Fund Balance to reflect this change:

	General Fund	Federal Grants	Other Governmental Funds	Total Governmental Funds
Fund Balance December 31, 2014	\$1,156,042	\$80,241	\$211,671	\$1,447,954
Adjustments:				
Reclassification of Grant	<u>0</u>	<u>(2,897)</u>	<u>2,897</u>	<u>0</u>
Adjusted Fund Balance December 31, 2014	<u>\$1,156,042</u>	<u>\$77,344</u>	<u>\$214,568</u>	<u>\$1,447,954</u>

**Note 4 - Budgetary Basis of Accounting**

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

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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 \$13,146 for the General Fund, \$2,965 for the Federal Grants special revenue fund, and \$86,213 for the Other Governmental Funds.

**Note 5 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Health District. Property tax revenue received in 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed values as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2015 with real property taxes.

The full tax rate for all Health District operations for the year ended December 31, 2015, was \$.28 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2015 property tax receipts were based are as follows:

Real Property	
Residential	\$2,362,138,510
Agriculture	175,247,880
Commercial/Industrial/Mineral	760,889,820
Public Utility Personal	172,279,640
Public Utility Real	637,170
Total Assessed Value	\$3,471,193,020
Plus Tax Loss Reimbursement *	30,164,631
Grand Total	\$3,501,357,651

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Health District. The County Auditor periodically remits to the Health District its portion of the taxes collected.

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**Note 6 – Interfund Receivables/Payables**

Interfund balances at December 31, 2015, consisted of the following individual fund receivables and payables:

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

Interfund balances at December 31, 2015 consist of \$39,000 owed by the TB Clinic Fund to the General Fund. The General Fund advanced \$97,500 to the TB Clinic Fund in 2008 to cover expenses related to placing a levy on the ballot. As of December 31, 2015, \$58,500 has been repaid to the General Fund. Advances to/from other funds are not expected to be repaid within one year.

**Note 7 - Risk Management**

The Health District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2015, 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. Full-Time employees have a choice of two plans through Medical Mutual, the third party administrator (TPA) of the program, which reviews and pays the claims. Plan 1 provides basic health, prescription, and vision coverage. Plan 2 provides basic health, prescription, vision coverage, and also dental coverage. The 2015 monthly premiums were as follows:

Plan 1	Monthly Premium	Employee 10% Co-share	Health District Cost
Single	\$914.70	\$91.47	\$823.23
Employee & Children	\$1,700.20	\$170.02	\$1,530.18
Employee & Spouse	\$1,828.00	\$182.80	\$1,645.20
Family	\$1,947.30	\$194.73	\$1,752.57

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Plan 2	Monthly Premium	Employee 10% Co-share	Health District Cost
Single	\$869.80	\$86.98	\$782.82
Employee & Children	\$1,617.50	\$161.75	\$1,455.75
Employee & Spouse	\$1,738.30	\$173.83	\$1,564.47
Family	\$1,854.10	\$185.41	\$1,668.69

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, In. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2013, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014:

<u>Casualty &amp; Property Coverage</u>	<u>2015</u>	<u>2014</u>
Assets	\$38,307,677	\$35,402,177
Liabilities	<u>(12,759,127)</u>	<u>(12,363,257)</u>
Net Assets – unrestricted	<u>\$25,548,550</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2013 to 499 members in 2015. These amounts will be included in future contributions from

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members when the related claims are due for payment. As of December 31, 2015, the Health District's share of these unpaid claims collectible in future years is approximately \$13,000.

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

<b><u>Contributions to PEP</u></b>	
2014	\$20,257
2015	\$20,493

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

Type of Coverage	Coverage	Deductible
Public Entities Pool		
Blanket Real and Personal Property	\$519,900	\$500
Misc. Property (Inland Marine)	38,923	500
Equipment Breakdown	519,900	500
Legal Liability - Third Party Claims	2,000,000	1,000
Dishonesty	20,000	0
Automobile Liability	2,000,000	0
Electronic Data Processing Equipment	376,808	500
Wrongful Acts	2,000,000	1,000

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

**Note 8 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

Plan Description – Health District employees, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Health District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145

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of the Ohio Revised Code. OPERS issues a stand-alone financial report (CAFR) that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit <b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit <b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit Or Age 62 with 5 years of service credit <b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
<b>2015 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2015 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee (paid by Health District for most employees)	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage 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.

The Health District's contractually required contribution was \$507,339 for the year 2015 for the Traditional Pension Plan. Contributions to the Member-Directed Plan were \$10,384 for 2015. The Health District paid both the entire employee share and the employer share with the exception of most managers who pay their own employee share.

**Note 9 - Postemployment Benefits**

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

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

OPERS maintains two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee’s Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2016, remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The Health District’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014, and 2013 were \$72,448, \$75,277, and \$37,931, respectively. 100 percent has been contributed for 2015, 2014, and 2013.

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For the Year Ended December 31, 2015

**Note 10 – Leases**

The Health District leases buildings and office equipment under noncancelable leases. The Health District disbursed \$263,000 to pay lease costs for the year ended December 31, 2015. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$253,005
2017	225,609
2018	118,699
2019	<u>26,320</u>
Total	<u>\$623,633</u>

**Note 11 – Fund Balances**

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

Fund Balances	General Fund	Federal Grants Fund	Other Governmental Funds	Total
<b>Restricted for</b>				
Tuberculosis Clinic	0	0	82,361	82,361
CFHS Grant	0	0	121	121
Public Health Emerg. Prep. Grant	0	1	0	1
Immuniz. Action Plan Grant	0	0	56	56
WIC Grant	0	61,459	0	61,459
Western Reserve Found. Grant	0	0	70,579	70,579
License Fees Due to the State	0	0	1,481	1,481
Construction Demolition & Debris	0	0	82,288	82,288
<i>Total Restricted</i>	<u>0</u>	<u>61,460</u>	<u>236,886</u>	<u>298,346</u>
<b>Committed to</b>				
Contracts	1,855	0	0	1,855
<i>Total Committed</i>	<u>1,855</u>	<u>0</u>	<u>0</u>	<u>1,855</u>
<b>Assigned to</b>				
Encumbrances	11,291	0	413	11,704
<i>Total Assigned</i>	<u>11,291</u>	<u>0</u>	<u>413</u>	<u>11,704</u>
Unassigned	1,162,536	0	66,616	1,229,152
<i>Total Fund Balances</i>	<u>\$1,175,682</u>	<u>\$61,460</u>	<u>\$303,915</u>	<u>\$1,541,057</u>

Mahoning County District Board of Health  
Mahoning County  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

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**Note 12 – Contingent Liabilities**

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

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
Passed Through Ohio Department of Health:			
Special Supplemental Nutrition Program for Women, Infants and Children	05010011WA0315 05010011WA0416	<b>10.557</b>	\$ 824,454 <u>196,465</u>
Total U.S. Department of Agriculture			<b>1,020,919</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY:</b>			
Passed Through Ohio Environmental Protection Agency:			
Capitalization Grants for Clean Water State Revolving Funds	HS390050-0028	<b>66.458</b>	<u>16,811</u>
Total U.S. Environmental Protection Agency			<b>16,811</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Passed Through Ohio Department of Health:			
Public Health Emergency Preparedness	05010012PH0615 05010012PH0716	<b>93.074</b>	106,451 65,030
Passed through Summit County General Health District Emergency Ebola Supplement - PHEP			<u>9,871</u>
<b>Total CFDA # 93.074</b>			<b>181,352</b>
Passed through Ohio Department of Health Immunization Action Plan	05010012IM0314 05010012IM0415	<b>93.268</b>	8,252 <u>53,045</u>
<b>Total CFDA # 93.268</b>			<b>61,297</b>
Child and Family Health Services Program	05010011MC0815 05010011MC0916	<b>93.994</b>	212,507 <u>98,801</u>
<b>Total CFDA # 93.994</b>			<b>311,308</b>
Passed Through National Association of County and City Health Officials: Medical Reserve Corps Small Grant Program		<b>93.008</b>	<b>3,500</b>
Passed Through Canton City Health Department HIV Antibody Testing Program	FY14 FY15	<b>93.940</b>	3,203 <u>69,944</u>
<b>Total CFDA # 93.940</b>			<b>73,147</b>
STD Prevention Program	FY14 FY15	<b>93.977</b>	333 <u>6,591</u>
<b>Total CFDA #93.977</b>			<b>6,924</b>
Passed through U.S. Food and Drug Administration Verification Audit of Two Standards FDA Central Regional Retail Food Protection Education and Training	G-SP-1410-02239 G-T-1410-01767	<b>93.103</b>	3,000 <u>2,000</u>
<b>Total CFDA #93.103</b>			<b>5,000</b>
Medicaid Assistance Program		<b>93.778</b>	<b>86,854</b>
Total U.S. Department of Health and Human Services			<u><b>729,382</b></u>
Total Federal Financial Assistance			<u><b>1,767,112</b></u>

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

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mahoning County District Board of Health's (the "Health District's") under programs of the federal government for the year ended December 31, 2015. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Health District, it is not intended to and does not present the financial position or changes in financial position of the Health District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Health District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - 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 D – MEDICAID ADMINISTRATIVE CLAIMING ADJUSTMENTS**

During the calendar year, the Health District received a deferred payment from the Ohio Department of Health (ODH) for the Medicaid program CFDA# 93.778 in the amount \$86,854. The deferred payment was for Medicaid Administrative Claiming (MAC) expenses the Health District incurred in prior reporting periods due to federal funding received by ODH to reimburse these expenses and also due to changes in the Health District's Medicaid Eligibility Rate (MER) for certain activity codes within MAC. Per the Office of Budget and Management, Medicaid Administrative Claiming is to be reported on the Health District's Federal Awards Expenditure Schedule.



# Dave Yost • Auditor of State

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

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

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning County District Board of Health, Mahoning County, (the Health District) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated August 22, 2016, wherein we noted the Health District uses a special purpose framework other than generally accepted accounting principles.

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

As part of our financial statement audit, we considered the Health District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Health District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Health District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Health District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Health District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Health District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

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

August 22, 2016



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mahoning County District Board of Health  
Mahoning County  
50 Westchester Drive  
Youngstown, Ohio 44512

To the Members of the Board:

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

We have audited the Mahoning County District Board of Health's (the Health District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *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, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Health District's major federal programs.

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

The Health District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Our responsibility is to opine on the Health District's compliance for each of the Health District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Health District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major Federal Program***

In our opinion, the Mahoning County District Board of Health complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2015.

**Report on Internal Control Over Compliance**

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



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

August 22, 2016

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

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2015**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control 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 weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #10.557 – Special Supplemental Nutrition Program for Women, Infants and Children CFDA #93.994 – Child and Family Health Services Program
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

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

None

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# Dave Yost • Auditor of State

**MAHONING COUNTY DISTRICT BOARD OF HEALTH**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 6, 2016**