



**Auditor of State
Betty Montgomery**

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To Members of the Board:

We have audited the accompanying financial statements of the governmental fund type activities, each major fund, and the aggregate remaining fund information of Mahoning District Board of Health, Mahoning County, Ohio (the District), as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental fund activities, each major fund, and the aggregate remaining fund information of Mahoning District Board of Health, Mahoning County, Ohio, as of December 31, 2004, and the respective changes in cash basis financial position of the governmental activities and the respective budgetary comparison for the General, Federal and State Grants Funds, thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2004, the District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure 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.



Betty Montgomery
Auditor of State

July 6, 2006

MAHONING DISTRICT BOARD OF HEALTH

Management's Discussion and Analysis (Unaudited)

The discussion and analysis of Mahoning District Board of Health's financial performance provides an overall review of the District's financial activities for the year ended December 31, 2004, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2004 are as follows:

- The net assets of the District were \$1.3 million at the close of the year ended December 31, 2004. Of this amount, \$.9 million (unrestricted net assets) may be used to meet the District's ongoing obligations to citizens and creditors, and \$.2 million is classified as restricted for special revenue funds and \$.2 is classified as restricted for general fund encumbrances.
- At the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1.3 million. Of this amount, \$1.1 million 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 \$.9 million, or a little more than 32% of total general fund expenditures and other financing uses.
- The District's total net assets increased by \$.2 million, which represents a 13% increase from 2003.

Using this Annual Financial Report

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 District's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the 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.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The 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 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.

MAHONING DISTRICT BOARD OF HEALTH
Management's Discussion and Analysis (Unaudited) (Cont'd.)

Reporting Mahoning District Board of Health as a Whole

The statement of net assets and the statement of activities reflect how the District did financially during 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the 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 District's general receipts.

These statements report the 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 District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, condition of the 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 District's activities are all governmental activities:

Governmental activities. The 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 District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The 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 District are separated into two categories: governmental and fiduciary.

Governmental Funds - Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The 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 District's major governmental funds are the General, Federal Grants and State Grants Funds

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

MAHONING DISTRICT BOARD OF HEALTH
Management's Discussion and Analysis (Unaudited) (Cont'd.)

The District as a Whole

As noted earlier, the District's total net assets increased by \$.2 million, which represents a 13% increase from 2003. As of December 31, 2004, the District is able to report positive balances in both categories of net assets.

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

Table 1
Net Assets
(In Millions)

	<u>Governmental</u> <u>Activities</u>
Assets	
Equity in pooled cash and investments at fair value	\$ 1.3
<i>Total Assets</i>	<u>1.3</u>
Net Assets	
Restricted:	
Special Revenue	0.2
General Fund restricted for encumbrances	0.2
Unrestricted	<u>0.9</u>
<i>Total Net Assets</i>	<u>\$ 1.3</u>

In future years, a comparative analysis of the government-wide data will be presented.

MAHONING DISTRICT BOARD OF HEALTH
Management's Discussion and Analysis (Unaudited) (Cont'd.)

Table 2 below reflects the changes in net assets for 2004. Since the District did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities
Revenues	
<i>Program Revenues:</i>	
Charges for Services	\$ 1.0
Operating Grants and Contributions	2.8
<i>General Revenues:</i>	
Property Taxes	0.2
<i>Total Revenues</i>	<u>4.0</u>
Program Expenses	
Health	4.2
<i>Total Expenses</i>	<u>4.2</u>
Decrease in Net Assets before Transfers	<u>(0.2)</u>
Transfers	<u>0.4</u>
<i>Increase in Net Assets</i>	<u>\$ 0.2</u>

In future years, a comparative analysis of the government-wide data will be presented.

Governmental Activities

The District program expenses are all health related.

Operating grants and contributions were the largest program revenue accounting for \$2.8 million, or 70% total governmental revenue. The District's direct charges to users of governmental services made up \$1 million or 25% of total governmental revenue.

The District's Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$1.3 million. Approximately \$1.1 million of this amount constitutes unreserved fund balance, which is available for spending for its citizens. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior year (\$.2 million). In the statement of net assets, \$.4 million in funds are restricted due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments or a tax levy.

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$.9 million, while the total fund balance reached \$1.1 million. As a measure of the general fund's availability, it may be useful to compare both unreserved fund balance and total fund balance to total

MAHONING DISTRICT BOARD OF HEALTH
Management's Discussion and Analysis (Unaudited) (Cont'd.)

Fund expenditures. Unreserved fund balance represents approximately 32% of the total general fund expenditures and other financing uses, while total fund balance represents 38% of that same amount. The fund balance of the District's general fund increased \$.2 million during the current fiscal year.

Changes in the fund balances of the major funds were:

In 2004, the Federal Grants' fund balance decreased by approximately \$60,000 compared to a \$30,000 increase in 2003. The majority of the difference can be attributed to decreased intergovernmental receipts.

In 2004, the State Grants' fund balance increased by approximately \$35,000 compared to a \$45,000 decrease in 2003. The majority of the difference can be attributed to decreased expenditures.

General Fund Budgeting Highlights

The 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 2004, the District did not make any significant amendments to its general fund budget.

Capital Assets

The District does not capitalize its acquisitions of equipment and furniture. Acquisitions are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Debt

The District does not have any outstanding bonds or notes.

Current Budget

Annually the District receives money from townships, cities and villages within Mahoning County based on their assessed valuation. This is reflected as intergovernmental receipts in the District's financial statements. Recently the State of Ohio passed legislation phasing out Personal Property tax, however, the State is subsidizing the political subdivision for a period of time. The District continues to monitor the information being provided by the State with regard to this issue and the effect that it will have.

Requests for Information

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Mahoning County Auditor, 120 Market Street, Youngstown, OH 44503.

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MAHONING DISTRICT BOARD of HEALTH
Mahoning County

Statement of Net Assets - Cash Basis

December 31, 2004

		<u>Primary Government</u>
		<u>Governmental Activities</u>
<hr/>		
Assets		
Equity in pooled cash and investments at fair value	\$	1,317,465
Total Assets		<u>1,317,465</u>
Net Assets:		
Restricted for:		
Special revenue		226,195
General fund restricted for encumbrances		152,956
Unrestricted		938,314
Total Net Assets	\$	<u><u>1,317,465</u></u>

See accompanying notes to the financial statements

MAHONING DISTRICT BOARD of HEALTH
Mahoning County

Statement of Activities - Cash Basis
For the Year Ended December 31, 2004

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	\$ 4,193,203	\$ 1,013,875	\$ 2,748,512	-
Total Governmental Activities	<u>\$ 4,193,203</u>	<u>\$ 1,013,875</u>	<u>\$ 2,748,512</u>	<u>\$ (430,816)</u>

General revenues:	
Property taxes	181,196
Grants and contributions not restricted to specific programs	25,298
Transfers	376,037
Total general revenues and transfers	<u>582,531</u>
Change in net assets	151,715
Net assets - beginning	1,165,750
Net assets - ending	<u>\$ 1,317,465</u>

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

MAHONING DISTRICT BOARD OF HEALTH
Mahoning County

*Statement of Cash Receipts, Disbursements and Changes
in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004*

	<i>General</i>	<i>Federal Grants</i>	<i>State Grants</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Receipts					
Property and other taxes	\$ -	\$ -	\$ -	\$ 181,196	\$ 181,196
Fees and charges for services	692,713	3,690	419	1,012	697,834
Licenses and permits	251,425	-	-	-	251,425
Intergovernmental	1,642,002	468,856	469,239	163,383	2,743,480
All other revenue	94,816	-	-	130	94,946
<i>Total Receipts</i>	<u>2,680,956</u>	<u>472,546</u>	<u>469,658</u>	<u>345,721</u>	<u>3,968,881</u>
Disbursements					
Current:					
Health	2,811,273	622,148	433,036	326,746	4,193,203
<i>Total Disbursements</i>	<u>2,811,273</u>	<u>622,148</u>	<u>433,036</u>	<u>326,746</u>	<u>4,193,203</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(130,317)</u>	<u>(149,602)</u>	<u>36,622</u>	<u>18,975</u>	<u>(224,322)</u>
<i>Other Financing Sources (Uses)</i>					
Transfers in	377,599	90,038	2,255	-	469,892
Transfers out	(90,048)	(1,562)	(2,245)	-	(93,855)
<i>Total Other Financing Sources</i>	<u>287,551</u>	<u>88,476</u>	<u>10</u>	<u>-</u>	<u>376,037</u>
<i>Net Change in Fund Balances</i>	157,234	(61,126)	36,632	18,975	151,715
<i>Fund Balances Beginning of Year</i>	<u>934,037</u>	<u>84,175</u>	<u>15,791</u>	<u>131,747</u>	<u>1,165,750</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,091,271</u>	<u>\$ 23,049</u>	<u>\$ 52,423</u>	<u>\$ 150,722</u>	<u>\$ 1,317,465</u>

See accompanying notes to the financial statements

MAHONING DISTRICT BOARD of HEALTH
Mahoning County

Statement of Cash Basis Assets and Fund Balances
Governmental Funds

December 31, 2004

	<i>General</i>	<i>Federal Grants</i>	<i>State Grants</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Assets					
Equity in pooled cash and investments at fair value	\$ 1,091,271	\$ 23,049	\$ 52,423	\$ 150,722	\$ 1,317,465
Total Assets	<u>\$ 1,091,271</u>	<u>\$ 23,049</u>	<u>\$ 52,423</u>	<u>\$ 150,722</u>	<u>\$ 1,317,465</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 152,956	\$ 30,504	\$ 199	\$ 70,901	\$ 254,560
Unreserved, reported in:					
General fund	938,315	-	-	-	938,315
Special revenue funds	-	(7,455)	52,224	79,821	124,590
Total Fund Balances	<u>\$ 1,091,271</u>	<u>\$ 23,049</u>	<u>\$ 52,423</u>	<u>\$ 150,722</u>	<u>\$ 1,317,465</u>

See accompanying notes to the financial statements

MAHONING DISTRICT BOARD of HEALTH

Mahoning County

**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, 2004

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual Amounts</i>	<i>Variance with Final Budget - Positive (Negative)</i>
Receipts				
Property and other taxes	\$ 780,000	\$ 780,000	\$ 786,496	\$ 6,496
Fees and charges for services	671,462	671,462	692,713	21,251
Licenses and permits	221,825	221,825	251,425	29,600
Intergovernmental	877,013	877,013	855,506	(21,507)
All other revenue	49,860	49,860	94,816	44,956
Total Receipts	<u>2,600,160</u>	<u>2,600,160</u>	<u>2,680,956</u>	<u>80,796</u>
Disbursements				
Current:				
<i>Health</i>				
Personal services	2,195,635	2,098,962	2,000,853	98,109
Materials and supplies	152,524	203,696	178,796	24,900
Contractual services	600,490	633,180	587,925	45,255
Travel	79,671	114,238	98,446	15,792
Utilities	47,230	44,817	38,123	6,694
Capital outlay	74,404	77,459	59,902	17,557
Other	23,593	1,185	184	1,001
Total Disbursements	<u>3,173,547</u>	<u>3,173,537</u>	<u>2,964,229</u>	<u>209,308</u>
Deficiency Of Receipts Over Disbursements	<u>(573,387)</u>	<u>(573,377)</u>	<u>(283,273)</u>	<u>290,104</u>
Other Financing Sources (Uses)				
Transfers in	316,383	316,383	377,599	61,216
Transfers out	(87,738)	(91,749)	(90,048)	1,701
Total Other Financing Sources	<u>228,645</u>	<u>224,634</u>	<u>287,551</u>	<u>62,917</u>
Net Change in Fund Balance	(344,742)	(348,743)	4,278	353,021
Fund Balance At Beginning Of Year	765,701	765,701	765,701	-
Prior Year Encumbrances Appropriated	<u>168,336</u>	<u>168,336</u>	<u>168,336</u>	<u>-</u>
Fund Balance At End Of Year	<u>\$ 589,295</u>	<u>\$ 585,294</u>	<u>\$ 938,315</u>	<u>\$ 353,021</u>

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

MAHONING DISTRICT BOARD of HEALTH

Mahoning County

**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, 2004

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Receipts				
Fees and charges for services	\$ 2,500	\$ 2,500	\$ 3,690	\$ 1,190
Intergovernmental	314,998	585,859	468,856	(117,003)
Total Receipts	317,498	588,359	472,546	(115,813)
Disbursements				
Current:				
<i>Health</i>				
Personal services	337,861	445,843	420,922	24,921
Materials and supplies	26,075	48,781	38,820	9,961
Contractual services	44,490	99,235	84,000	15,235
Travel	13,927	18,083	13,411	4,672
Utilities	2,797	5,354	4,005	1,349
Capital outlay	60,013	126,690	91,494	35,196
Total Disbursements	485,163	743,986	652,652	91,334
Deficiency Of Receipts Over Disbursements	(167,665)	(155,627)	(180,106)	(24,479)
Other Financing Sources (Uses)				
Transfers in	85,738	90,038	90,038	-
Transfers out	(543)	(1,564)	(1,562)	2
Total Other Financing Sources	85,195	88,474	88,476	2
Net Change in Fund Balance	(82,470)	(67,153)	(91,630)	(24,477)
Fund Balance At Beginning Of Year	56,500	56,500	56,500	-
Prior Year Encumbrances Appropriated	27,675	27,675	27,675	-
Fund Balance(Deficit) At End Of Year	\$ 1,705	\$ 17,022	\$ (7,455)	\$ (24,477)

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

MAHONING DISTRICT BOARD of HEALTH

Mahoning County

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

(Non-GAAP Budgetary Basis)

For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Receipts				
Property and other taxes				
Fees and charges for services	\$ 1,522	\$ 1,522	\$ 419	\$ (1,103)
Intergovernmental	400,454	431,622	469,239	37,617
Total Receipts	401,976	433,144	469,658	36,514
Disbursements				
Current:				
<i>Health</i>				
Personal services	206,466	199,850	192,702	7,148
Materials and supplies	6,576	30,632	29,668	964
Contractual services	194,408	199,632	199,599	33
Travel	6,111	9,056	7,742	1,314
Utilities	855	2,103	1,661	442
Capital outlay	1,100	1,963	1,863	100
Total Disbursements	415,516	443,236	433,235	10,001
Excess (Deficiency) Of Receipts Over Disbursements	(13,540)	(10,092)	36,423	46,515
Other Financing Sources (Uses)				
Transfers in	-	2,245	2,255	10
Transfers out	-	(2,245)	(2,245)	-
Total Other Financing Sources			10	10
Net Change in Fund Balance	(13,540)	(10,092)	36,433	46,525
Fund Balance At Beginning Of Year	(50,632)	(50,632)	(50,632)	-
Prior Year Encumbrances Appropriated	66,423	66,423	66,423	-
Fund Balance At End Of Year	\$ 2,251	\$ 5,699	\$ 52,224	\$ 46,525

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

MAHONING DISTRICT BOARD of HEALTH
Mahoning County

Statement of Fiduciary Net Assets
Cash Basis

December 31, 2004

	<i>Agency</i>
Assets	
Equity in pooled cash and investments at fair value	\$ <u>648,860</u>
 Net Assets	
Unrestricted	\$ <u>648,860</u>

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

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2004

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 and the fund financial statements for the proprietary funds, 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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2004

Note 2 - Summary of Significant Accounting Policies (continued)

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

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

Fund Financial Statements

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

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 District. Separate cost centers are established to account for each federal grant within this fund.

State Grants Fund – is used to account for state grants received by the District. Separate cost centers are established to account for each state 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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2004

Note 2 - Summary of Significant Accounting Policies (continued)

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 2004.

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Health District. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the County Board of Health.

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

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2004

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.

Mr. John B. Reardon
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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2004

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. The Health District has no business type activities.

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 and after nonoperating receipts/cash disbursements in proprietary funds. The Health District has no proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting

Last year the Health District reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Health District has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2004

Note 4 - Accountability and Compliance

A. Accountability

The Federal Grants Fund has a deficit fund balance of \$7,455. This was due to a timing difference as a result of being on a reimbursement basis.

B. Compliance

The Health District has no significant violations of finance-related legal or contractual provisions as of December 31, 2004.

Note 5 - Budgetary Basis of Accounting

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

General Fund	\$152,956
Major Special Revenue Funds:	
Federal Grants	\$30,504
State Grants	\$199

Note 6 - 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 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, 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.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2004

Note 6 - Property Taxes (continued)

Public utility personal property tax received in 2004 represent the collection of 2003 taxes. Public utility tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2003, and are collected in 2004 with real property taxes. Public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. 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, 2004, was \$.28 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	
Residential	\$1,792,490,490
Agriculture	107,089,200
Commercial/Industrial/Mineral	550,630,060
Public Utility Property	
Real	282,330
Personal	117,464,710
Tangible Personal Property	205,384,910
Total Assessed Value	\$2,773,341,700
Plus Tax Loss Reimbursement *	35,520,449
Grand Total	\$2,808,862,149

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

Mahoning District Board of Health
 Mahoning County
 Notes to the Financial Statements
 For the Year Ended December 31, 2004

Note 7 - Risk Management

Risk Pool Membership

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 \$5,000,000 in the aggregate per year. Governments can elect additional coverage from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

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

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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.

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:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained Earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained Earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2004

Note 8 - 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 to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional 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 publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2004, members of all three plans, except those in law enforcement or public safety participating in the traditional plan, 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 2004 was 13.55% percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Health District's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$450,198, \$483,668, and \$413,126, 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 2004, 2003 and 2002. There were no contributions to the member-directed plan for 2004.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2004

Note 9 - 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 or combined plans. Health care coverage for disability recipients and primary survivor 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 or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 employer contribution rate was 13.55 percent of covered payroll; 4 percent was the portion used to fund health care.

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, 2003, 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.

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 and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$81,068. 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, 2003 (the latest information available), was \$10.5 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2005, with no prior service credit accumulated toward health care coverage. The Choices Plan will incorporate a cafeteria approach offering a broader range of health care options. The Choices Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

Mahoning District Board of Health
Mahoning County
Notes to the Financial Statements
For the Year Ended December 31, 2004

Note 9 - Postemployment Benefits (continued)

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Choices Plan will also offer a spending account feature enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a medical spending account.

Note 10 – Leases

The Health District leases buildings and office equipment under noncancelable leases. The Health District disbursed \$183,790 to pay lease costs for the year ended December 31, 2004. Future lease payments are as follows:

Year	<u>Amount</u>
2005	\$183,936
2006	\$184,061
2007	\$176,433
2008	\$ 88,470
Total	<u><u>\$632,900</u></u>

Note 11 - Interfund Transfers

During 2004 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	<u>\$90,048</u>
Total Transfers from the General Fund	<u><u>\$90,048</u></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 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.

Note 13 – Joint Ventures

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, 2004

Note 14 – Public Entity Risk Pools

The Health District participates in the Public Entities Pool of Ohio (PEP). PEP is a public entity risk sharing pool formed in 1986 to offer Ohio public entities liability and property coverage at a fair and stable price. PEP had 430 government entities as members as of December 31, 2004. PEP provides the Health District with insurance coverage for the following:

- Legal Liability
- Automotive Liability
- Wrongful Acts
- Automobile Physical Damage
- Personal Property
- Electronic Data Processing Equipment (Hardware and Software)

The Health District's payment for insurance to PEP in 2004 was \$20,370.

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2004**

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-04 FY-05	10.557	\$ 7,555 2,395
Total U.S. Department of Agriculture			<u>9,950</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Passed Through Mahoning County:			
Lead Based Paint Hazard Control in Privately Owned Housing		14.900	77,587
Passed Through Alliance for Healthy Homes: Operation Lead Elimination Action Program		14.903	<u>16,000</u>
Total U.S. Department of Housing and Urban Development			<u>93,587</u>
U.S. DEPARTMENT OF JUSTICE:			
Passed Through Ohio Department of Public Safety:			
Community Prosecution and Project Safe Neighborhoods		16.609	<u>3,481</u>
Total U.S. Department of Justice			<u>3,481</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Passed Through Ohio Department of Public Safety:			
State and Community Highway Safety	4003.0 5008.0	20.600	31,875 <u>7,779</u>
Total U.S. Department of Transportation			<u>39,654</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 the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	FY-03-6352 FY-04-6352	93.044	265 <u>36,994</u>
Total CFDA # 93.044			37,259

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

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2004
(CONTINUED)**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES: (Continued)			
Passed Through Ohio Department of Health:			
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	50-1-001-1-BD-04 50-1-001-1-BD-05	93.197	37,490 <u>37,144</u>
Total CFDA # 93.197			74,634
Passed Through Ohio Department of Health:			
Centers For Disease Control and Prevention Investigations and Technical Assistance	50-1-001-2-BI-04 50-1-001-2-BI-05	93.283	212,491 45,118
Passed Through National Association of County and City Health Officials:	-		<u>8,985</u>
Total CFDA #93.283			266,594
Passed Through Ohio Department of Health:			
Maternal and Child Health Services Block Grant to the States	50-1-001-1-BE-04 50-1-001-1-BE-05 50-1-001-1-MC-04 50-1-001-1-MC-05	93.994	75,254 20,556 96,061 <u>56,795</u>
Total CFDA # 93.994			248,666
Passed Through Ohio Department of Health:			
Medical Assistance Program		93.778	<u>8,334</u>
Total U.S. Department of Health and Human Services			<u>635,487</u>
Total Federal Expenditures			<u>\$ 782,159</u>

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
YEAR ENDED DECEMBER 31, 2004**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the 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 District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The 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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**Auditor of State
Betty Montgomery**

**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, OH 44515

To Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mahoning District Board of Health (the District) as of and for the year ended December 31, 2004, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 6, 2006. 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 District's internal control over financial reporting to determine our auditing procedures in order to express our opinion 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.

Compliance and Other Matters

As part of reasonably assuring whether the 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*. In a separate letter to the District's management dated July 6, 2006, we reported a matter related to noncompliance we deemed immaterial.

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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 6, 2006



Auditor of State Betty Montgomery

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, OH 44515

To Members of the Board:

Compliance

We have audited the compliance of Mahoning District Board of Health, Mahoning County (the "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, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The 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 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 material affect a major federal program. An audit includes examining, on a test basis, evidence about the 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 District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2004.

Internal Control Over Compliance

The 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 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.

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, and 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 6, 2006

**MAHONING DISTRICT BOARD OF HEALTH
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2004**

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):	Maternal and Child Health Services Block Grant CFDA#93.994
<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



**Auditor of State
Betty Montgomery**

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800-282-0370

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**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 5, 2006**