

**MANSFIELD-ONTARIO-RICHLAND COUNTY  
BOARD OF HEALTH  
RICHLAND COUNTY  
Single Audit  
For the Year Ended December 31, 2012**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Members of the Board  
Mansfield-Ontario-Richland County Board of Health  
555 Lexington Avenue  
Mansfield, Ohio 44907

We have reviewed the *Independent Auditor's Report* of the Mansfield-Ontario-Richland County Board of Health, Richland County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mansfield-Ontario-Richland County Board of Health is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 6, 2013

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**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY**

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# *Perry & Associates*

Certified Public Accountants, A.C.

www.perrycpas.com

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE  
121 E. Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

## **INDEPENDENT AUDITOR'S REPORT**

June 28, 2013

Mansfield-Ontario-Richland County Board of Health  
Richland County  
555 Lexington Avenue  
Mansfield, OH 44907

To the Members of the Board:

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

We have audited the accompanying financial statements and related notes of the **Mansfield-Ontario-Richland County Board of Health**, Richland County, (the Board) as of and for the year ended December 31, 2012.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements 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 Board'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 Board'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 opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Board prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles (Continued)***

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2012, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Mansfield-Ontario-Richland County Board of Health, Richland County, as of December 31 2012, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1B.

***Other Matters***

Our audit was conducted to opine on the financial statements taken as a whole. The schedule of receipts and expenditures of federal awards provide additional information required by the 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 financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subjected to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013, on our consideration of the Board'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 District's internal control over financial reporting and compliance.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Taxes	\$ 2,281,970	\$ -	\$ 2,281,970
Charges for Services	446,322	965,582	1,411,904
Fees, Licenses and Permits	165,760	407,189	572,949
Intergovernmental	446,713	1,554,592	2,001,305
Donations	380	4	384
Miscellaneous	3,157	-	3,157
	<u>3,344,302</u>	<u>2,927,367</u>	<u>6,271,669</u>
<b>Total Cash Receipts</b>			
	<u>3,344,302</u>	<u>2,927,367</u>	<u>6,271,669</u>
<b>Cash Disbursements:</b>			
Current:			
Health:			
Personal Services	2,206,803	3,369,213	5,576,016
Materials and Supplies	86,698	184,074	270,772
Contractual Services	217,512	586,532	804,044
Capital Outlay	2,903	77,297	80,200
	<u>2,513,916</u>	<u>4,217,116</u>	<u>6,731,032</u>
<b>Total Cash Disbursements</b>			
	<u>2,513,916</u>	<u>4,217,116</u>	<u>6,731,032</u>
Excess of Receipts Over/(Under) Disbursements	<u>830,386</u>	<u>(1,289,749)</u>	<u>(459,363)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	39,000	142,691	181,691
Advances-Out	(142,691)	(39,000)	(181,691)
Transfers-In	-	799,306	799,306
Transfers-Out	(799,306)	-	(799,306)
	<u>(902,997)</u>	<u>902,997</u>	<u>-</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(902,997)</u>	<u>902,997</u>	<u>-</u>
Net Change in Fund Cash Balances	(72,611)	(386,752)	(459,363)
Fund Cash Balances, January 1	<u>3,030,225</u>	<u>974,021</u>	<u>4,004,246</u>
Fund Cash Balances, December 31:			
Restricted	-	596,657	596,657
Committed	-	54,142	54,142
Unassigned (Deficit)	2,957,614	(63,530)	2,894,084
	<u>2,957,614</u>	<u>(63,530)</u>	<u>2,894,084</u>
<b>Fund Cash Balances, December 31</b>			
	<u>\$ 2,957,614</u>	<u>\$ 587,269</u>	<u>\$ 3,544,883</u>

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

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Mansfield-Ontario-Richland County Board of Health, Richland County, Ohio, (the Board) is a body corporate and politic established under Ohio Revised Code § 3709.01, for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board operates under the direction of a 13 member Board of Health. Services provided by the Board include medical assistance and public safety. Also, Women, Infants and Children's Program (WIC) (with its own director and advisory board) are under the auspices of the Board of Health.

As boards of health are structured in Ohio, the County Auditor and County Treasurer serve, respectively, as fiscal officer and custodian of funds for the Board. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments. As the custodian of public funds, the County Treasurer invests Board monies held on deposit in the County Treasury.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

As required by Ohio Revised Code, the Richland County Treasurer is custodian for the Board's deposits. The Board's assets are held in the County's deposits and investment pool, and are valued at the County Treasurer's reported carrying amount.

**D. Fund Accounting**

The Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Board had the following significant Special Revenue Funds:

General Clinic Fund - This fund receives charges for services money for providing medical care to county residents.

Women, Infants, and Children (WIC) Fund - This is a Federal grant fund and accounts for the Special Supplemental Nutrition Program.

**E. Budgetary Process**

The Ohio Revised Code requires the Board to budget each fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered balances as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Board to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of budgetary activity appears in Note 3.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Board must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Board classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *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.

**3. Committed**

The Board can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a Board official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

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

The Board 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.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Property, Plant and Equipment**

The Board records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Unpaid Vacation and Sick Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS**

The Richland County Auditor serves as fiscal agent for the Board and the investments of County funds, including Board funds, is determined by the Richland County Treasurer. By law, control over investments is handled by the County Treasurer.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2012 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,538,262	\$ 3,344,302	\$ (193,960)
Special Revenue	5,041,963	3,726,673	(1,315,290)
Total	\$ 8,580,225	\$ 7,070,975	\$ (1,509,250)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,462,623	\$ 3,313,222	\$ 3,149,401
Special Revenue	4,519,915	4,217,116	302,799
Total	\$ 10,982,538	\$ 7,530,338	\$ 3,452,200

**4. INTERGOVERNMENTAL AND PROPERTY TAX FUNDING**

The County apportions the excess of the Board's appropriations over the estimated receipts among the townships and municipalities composing the Board, based on their taxable property valuations. The County withholds the apportioned excess from property tax settlements and distributes it to the Board. The financial statements reflect these amounts as intergovernmental receipts.

The County Commissioners serve as a special taxing authority for a special levy outside the ten-mill limitation to provide the Board with sufficient funds for health programs. The financial statements present these amounts as property tax receipts.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)**

**5. RETIREMENT SYSTEMS**

The Board's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability payments.

The Ohio Revised Code also prescribes contribution rates. For 2012, OPERS members contributed 10% of their gross salaries and the Board contributed an amount equal to 14% of participants' gross salaries. The Board has paid all contributions required through December 31, 2012.

**6. RISK MANAGEMENT**

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

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

The Board belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. 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, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$ 33,362,404	\$ 34,952,010
Liabilities	<u>(14,187,273)</u>	<u>(14,320,812)</u>
Net Assets	<u>\$ 19,175,131</u>	<u>\$ 0,631,198</u>

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(CONTINUED)**

**6. RISK MANAGEMENT (Continued)**

Financial Position (Continued)

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Board's share of these unpaid claims collectible in future years is approximately \$20,000.

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

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2011</u>
\$ 22,133	\$ 24,595

After one year of membership, a member 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.

**7. CONTINGENT LIABILITIES**

The Board is party to various claims and legal proceedings. The Board management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the Board.

Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor, principally the federal government. The grantor 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.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed through the Ohio District 5 Area Agency on Aging, Inc.</i>				
Special Programs for the Aging Title III Part D-Disease Prevention and Health Promotion Services	93.043	SS08-003-3D	\$ 6,603	\$ 11,620
Special Programs for the Aging Title III Part D-Grants for Supportive Services and Senior Centers	93.044	SS08-003-3D	16,894	45,309
Total Ohio District 5 Area Agency on Aging, Inc.			<u>23,497</u>	<u>56,929</u>
<i>Passed through the Ohio Department of Health</i>				
Public Health Emergency Preparedness	93.069	07010012PH0312	105,380	91,681
		07010012PH0413	54,191	45,904
Total Public Health Emergency Preparedness			<u>159,571</u>	<u>137,585</u>
Immunization Action Grant	93.268	07010012IM0512	36,273	37,102
Breast and Cervical Cancer Early Detection Program	93.283	07010014BC0512	82,278	87,195
		07010014BC0613	39,142	60,204
Total Breast and Cervical Cancer Early Detection Program			<u>121,420</u>	<u>147,399</u>
Maternal and Child Health Services Block Grant to the States	93.994	07010011MC0512	98,761	128,492
		07010011MC0613	98,761	83,617
Total Maternal and Child Health Services Block Grant to the States			<u>197,522</u>	<u>212,109</u>
Preventive Health and Services Block Grant Creating Healthy Communities	93.991	07010014CC0312	65,697	68,815
Total Ohio Department of Health			<u>580,483</u>	<u>603,010</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>603,980</u>	<u>659,939</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed through the Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	07010011WA0512	602,207	650,619
		07010011WA0613	115,450	167,002
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>717,657</u>	<u>817,621</u>
<b>Total U.S. Department of Agriculture</b>			<u>717,657</u>	<u>817,621</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed through the Ohio Department of Public Safety</i>				
State and Community Highway Safety Grant	20.600	SC-2012-70-00-00-00	17,467	23,322
		SC-2013-70-00-00-00	-	4,739
Total State and Community Highway Safety Grant			<u>17,467</u>	<u>28,061</u>
<b>Total U.S. Department of Transportation</b>			<u>17,467</u>	<u>28,061</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,339,104</u>	<u>\$ 1,505,621</u>

Note A: The Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the Board's federal award programs. The Schedule has been prepared on the cash basis of accounting.

Note B: Certain Federal programs require that the Board contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has complied with the matching requirements. The expenditures of non-Federal matching funds are not included on the Schedule.

***Perry & Associates***  
Certified Public Accountants, A.C.  
www.perrycpas.com

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE  
121 E. Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

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

June 28, 2013

Mansfield-Ontario-Richland County Board of Health  
Richland County  
555 Lexington Avenue  
Mansfield, OH 44907

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Mansfield-Ontario-Richland County Board of Health**, Richland County, Ohio, (the Board) as of and for the year ended December 31, 2012, and the related notes to the financial statements and have issued our report thereon dated June 28, 2013, wherein we noted the Board followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board'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 Board'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 Board'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*.

***Compliance and Other Matters (Continued)***

We did note certain matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated June 28, 2013.

***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 Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

***Perry & Associates***  
Certified Public Accountants, A.C.  
www.perrycpas.com

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE  
121 E. Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

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

June 28, 2013

Mansfield-Ontario-Richland County Board of Health  
Richland County  
555 Lexington Avenue  
Mansfield, OH 44907

To the Members of the Board:

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

We have audited the **Mansfield-Ontario-Richland County Board of Health's**, Richland County, Ohio, (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Board's major federal program for the year ended December 31, 2012. The Summary of Audit Results in the accompanying Schedule of Audit Findings identifies the Board's major federal program.

**Management's Responsibility**

The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program.

**Auditor's Responsibility**

Our responsibility is to opine on the Board's compliance for the Board's major federal program 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*; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Guide. These standards, OMB Circular A-133 and the Guide 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 Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Board's major federal program. However, our audit does not provide a legal determination of the Board's compliance.

**Opinion on the Major Federal Program**

In our opinion, the Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

### **Report on Internal Control Over Compliance**

The Board'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 Board'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY**

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

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, unqualified under the regulatory basis
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA #10.557 - Special Supplemental Nutrition Program for Women, Infants and Children
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**MANSFIELD- ONTARIO- RICHLAND COUNTY BOARD OF HEALTH**

**RICHLAND 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  
AUGUST 20, 2013**