

**MANSFIELD-ONTARIO-RICHLAND COUNTY
BOARD OF HEALTH
RICHLAND COUNTY
Single Audit
For the Year Ended December 31, 2013**

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, OH 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, 2013 through December 31, 2013. 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

October 27, 2014

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

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INDEPENDENT AUDITOR'S REPORT

September 30, 2014

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, 2013.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these 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, 2013, 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 2013, 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(D) permit, 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 September 30, 2014, 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 Board's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property Taxes	\$ 2,502,680	\$ -	\$ 2,502,680
Charges for Services	511,788	1,145,674	1,657,462
Fees, Licenses and Permits	185,362	659,577	844,939
Intergovernmental	238,169	1,310,220	1,548,389
Donations	93	63	156
Miscellaneous	12,564	1,248	13,812
	<u>3,450,656</u>	<u>3,116,782</u>	<u>6,567,438</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Health:			
Personal Services	2,152,899	3,259,556	5,412,455
Materials and Supplies	171,986	444,099	616,085
Contractual Services	218,967	405,472	624,439
	<u>2,543,852</u>	<u>4,109,127</u>	<u>6,652,979</u>
Total Cash Disbursements			
Excess of Receipts Over/(Under) Disbursements	<u>906,804</u>	<u>(992,345)</u>	<u>(85,541)</u>
Other Financing Receipts/(Disbursements):			
Advances-In	84,671	183,100	267,771
Advances-Out	(183,100)	(84,671)	(267,771)
Transfers-In	1,605,168	988,699	2,593,867
Transfers-Out	(2,593,867)	-	(2,593,867)
	<u>(1,087,128)</u>	<u>1,087,128</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)			
Net Change in Fund Cash Balances	(180,324)	94,783	(85,541)
Fund Cash Balances, January 1	<u>2,957,614</u>	<u>587,269</u>	<u>3,544,883</u>
Fund Cash Balances, December 31:			
Nonspendable	119,591	344,006	463,597
Restricted	-	562,473	562,473
Committed	-	44,684	44,684
Unassigned (Deficit)	2,657,699	(269,110)	2,388,589
	<u>2,657,699</u>	<u>(269,110)</u>	<u>2,388,589</u>
Fund Cash Balances, December 31	<u>\$ 2,777,290</u>	<u>\$ 682,052</u>	<u>\$ 3,459,342</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, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mansfield-Ontario-Richland County Board of Health, Richland County, (the Board) as a body corporate and politic. A 13 member Board and a Health Commissioner govern the Board. The Board's services 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.

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 County's deposit and investment pool holds the Board's assets, valued at the 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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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. Appropriations lapse at year-end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash 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 canceled, and reappropriated in the subsequent year.

A summary of 2013 budgetary activity appears in Note 2.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance (Continued)

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

2. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2013 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,496,744	\$ 5,055,824	\$ 1,559,080
Special Revenue	6,371,809	4,105,481	(2,266,328)
Total	\$ 9,868,553	\$ 9,161,305	\$ (707,248)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,917,255	\$ 5,137,719	\$ 779,536
Special Revenue	5,906,502	4,109,127	1,797,375
Total	\$ 11,823,757	\$ 9,246,846	\$ 2,576,911

3. 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.

4. 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 2013, 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, 2013.

5. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

5. RISK MANAGEMENT (Continued)

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, 2013, PEP retained \$350,000 for casualty claims and \$100,000 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 net position at December 31, 2012 and 2013:

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	<u>(14,208,353)</u>	<u>(12,760,194)</u>
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Board's share of these unpaid claims collectible in future years is approximately \$15,548.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(CONTINUED)**

5. RISK MANAGEMENT (Continued)

Financial Position (Continued)

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
\$ 22,133	\$ 22,212

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.

6. 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.

7. SUBSEQUENT EVENTS

In March 2014, the Board voted to change its name to Richland Public Health.

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

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through the Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	07010011WA0613	\$ 594,839	\$ 584,330
		07010011WA0714	<u>119,440</u>	<u>161,440</u>
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>714,279</u>	<u>745,770</u>
Total U.S. Department of Agriculture			<u>714,279</u>	<u>745,770</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed through the Ohio Department of Public Safety</i>				
State and Community Highway Safety Grant	20.600	SC-2013-70-00-00-00	5,435	17,110
		SC-2014-70-00-00-00	-	4,087
Total State and Community Highway Safety Grant			<u>5,435</u>	<u>21,197</u>
Total U.S. Department of Transportation			<u>5,435</u>	<u>21,197</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<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	5,892	14,846
Special Programs for the Aging Title III Part D - Grants for Supportive Services and Senior Centers	93.044	SS08-003-3D	15,371	40,540
Total Ohio District 5 Area Agency on Aging, Inc.			<u>21,263</u>	<u>55,386</u>
<i>Passed through the Ohio Department of Health</i>				
Public Health Emergency Preparedness	93.069	07010012PH0413	54,192	62,402
		07010012PH0514	47,689	53,070
Total Public Health Emergency Preparedness			<u>101,881</u>	<u>115,472</u>
Immunization Action Grant	93.268	07010012IM0613	36,893	37,381
Breast and Cervical Cancer Early Detection Program	93.283	07010014BC0613	63,173	70,572
		07010014BC0714	59,613	50,625
Total Breast and Cervical Cancer Early Detection Program			<u>122,786</u>	<u>121,197</u>
Preventive Health and Services Block Grant - Creating Healthy Communities	93.991	07010014CC0312	73,475	74,641
Maternal and Child Health Services Block Grant to the States	93.994	07010011MC0613	94,877	111,711
		07010011MC0714	101,363	94,264
Total Maternal and Child Health Services Block Grant to the States			<u>196,240</u>	<u>205,975</u>
Total Ohio Department of Health			<u>531,275</u>	<u>554,666</u>
Total U.S. Department of Health and Human Services			<u>552,538</u>	<u>610,052</u>
Total Federal Financial Assistance			<u>1,272,252</u>	<u>1,377,019</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 accountings.

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.

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

September 30, 2014

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, 2013, and the related notes to the financial statements and have issued our report thereon dated September 30, 2014, wherein we noted the Board followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 September 30, 2014.

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.



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**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**

September 30, 2014

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 the 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, 2013. 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*. These standards and OMB Circular A-133 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, 2013.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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

**SCHEDULE OF AUDIT FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. SUMMARY OF AUDIT RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #10.557 - Special Supplemental Nutrition Program for Women, Infants and Children
<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 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
NOVEMBER 6, 2014**