



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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MANSFIELD-ONTARIO-RICHLAND COUNTY BOARD OF HEALTH  
RICHLAND COUNTY

SINGLE AUDIT

For the Years Ended December 31, 2014  
Fiscal Years Audited Under GAGAS: 2014





# 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 Board of Health, Richland County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2014 through December 31, 2014. 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 Board of Health is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

November 30, 2015

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**Mansfield-Ontario-Richland Board of Health**  
**Richland County**  
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*For the Fiscal Years Ended December 31, 2014*

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# Balestra, Harr & Scherer, CPAs, Inc.

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## Independent Auditor's Report

Mansfield-Ontario-Richland County Board of Health  
Richland County  
555 Lexington Ave  
Mansfield, Ohio 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, 2014.

### *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(D); 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 1 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 requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Board does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2014, or changes in financial position thereof for the years 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 Mansfield-Ontario-Richland County Board of Health, Richland County, as of December 31, 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 1.

***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 provided additional analysis as 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 the schedule 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 August 27, 2015, on our consideration of the Board's internal control over financial reporting and on 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.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Worthington, Ohio  
August 27, 2015

**Mansfield-Ontario-Richland County Board of Health**  
**Richland County**  
*Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2014*

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property Taxes	\$ 2,319,976	\$ -	\$ 2,319,976
Charges for Services	445,654	1,035,597	1,481,251
Fees, Licenses and Permits	159,675	675,931	835,606
Intergovernmental	386,393	1,509,915	1,896,308
Donations	94	17	111
Miscellaneous	14,219	1,684	15,903
<i>Total Cash Receipts</i>	<u>3,326,011</u>	<u>3,223,144</u>	<u>6,549,155</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Personal Services	2,248,846	3,253,348	5,502,194
Materials and Supplies	195,041	141,705	336,746
Contractual Services	203,822	475,880	679,702
Capital Outlay	256,278	33,525	289,803
<i>Total Cash Disbursements</i>	<u>2,903,987</u>	<u>3,904,627</u>	<u>6,808,614</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>422,024</u>	<u>(681,483)</u>	<u>(259,459)</u>
<b>Other Financing Receipts/(Disbursements)</b>			
Transfers In	2,151,580	741,000	2,892,580
Transfers Out	(2,892,580)	-	(2,892,580)
Advances In	106,100	52,400	158,500
Advances Out	-	(158,500)	(158,500)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>(634,900)</u>	<u>634,900</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(212,876)</u>	<u>(46,583)</u>	<u>(259,459)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,777,290</u>	<u>682,052</u>	<u>3,459,342</u>
<b>Fund Cash Balances, December 31</b>			
Committed	195,041	141,705	336,746
Restricted	-	469,801	469,801
Assigned	-	47,830	47,830
Unassigned (Deficit)	2,369,373	(23,867)	2,345,506
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,564,414</u>	<u>\$ 635,469</u>	<u>\$ 3,199,883</u>

See accompanying notes to the financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 1117-2-03(D). 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 Financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 1117-2-03 (D) permit.

**C. Deposits and Investments**

As required by the 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.

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)**

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

**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 or 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 2014 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.

**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 amends 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.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)**

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

**F. Fund Balance (continued)**

**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.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2014 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 6,174,383	\$ 5,477,591	\$ (696,792)
Special Revenue	4,932,623	3,964,144	\$ (968,479)
Total	\$ 11,107,006	\$ 9,441,735	\$ (1,665,271)

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)**

**2. BUDGETARY ACTIVITY (Continued)**

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 6,275,364	\$ 5,796,567	\$ 478,797
Special Revenue	4,235,544	3,904,627	\$ 330,917
Total	\$ 10,510,908	\$ 9,701,194	\$ 809,714

**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, multiple-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 2014, OPERS members contributed 10% of their gross salaries and the Board contributed an amount equaling 14% of participants' gross salaries. The Board has paid all contributions required through December 31, 2014.

**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.

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 judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)**

**5. RISK MANGEMENT (Continued)**

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, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance 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 statement (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$ 34,411,883	\$ 35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$ 21,651,689</u>	<u>\$ 23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 member in 2014. These amounts will be included in future contributions from members when related claims are due for payment. As of December 31, 2014, the Board's share of these unpaid claims collectible in future years is approximately \$15,282.

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.

Contributions to PEP	
<u>2013</u>	<u>2014</u>
\$ 22,212	\$ 23,155

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(CONTINUED)**

**5. RISK MANGEMENT (Continued)**

Financial Positon (Continued)

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**

Management has reviewed events occurring subsequent to December 31, 2014 through August 27, 2015 (the date the financial statements were available to be issued) for possible adjustments to, or disclosure in the accompanying financial statements as required.

**Mansfield-Ontario-Richland County Board of Health**  
Schedule of Receipts and Expenditures of Federal Awards  
For the Fiscal Year Ended December 31, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>United States Department of Agriculture</b>				
<i>Passed through the Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children	07010011WA0714	10.557	\$ 616,740	\$ 553,140
	07010011WA0815	10.557	155,052	155,342
Total Special Supplemental Nutrition Program for Women, Infants and Children			<u>771,792</u>	<u>708,482</u>
<b>Total United States Department of Agriculture</b>			<u>771,792</u>	<u>708,482</u>
<b>United States Department of Transportation</b>				
<i>Passed through the Ohio Department of Public Safety</i>				
State & Community Highway Safety Grant	SC-2013-70-00-00-00	20.600	13,552	-
	SC-2014-70-00-00-00	20.600	19,427	13,253
	SC-2015-70-00-00-00	20.600	-	3,433
Total State & Community Highway Safety Grant			<u>32,979</u>	<u>16,686</u>
<b>Total United States Department of Transportation</b>			<u>32,979</u>	<u>16,686</u>
<b>United States 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 B - Grants for Supportive Services and Senior Center	SS08-003-3D	93.044	10,748	35,498
Total Ohio District 5 Area Agency on Aging, Inc.			<u>10,748</u>	<u>35,498</u>
<i>Passed through the Ohio Department of Health</i>				
Immunization Cooperative Agreements	07010012I M714	93.268	28,539	29,015
Public Health Emergency Preparedness	07010012PH0514	93.069	72,757	75,837
	07010012PH0615		48,368	40,803
Total Public Health Emergency Preparedness			<u>121,125</u>	<u>116,640</u>
Breast & Cervical Cancer Early Detection Program	07010014BC0714	93.283	58,926	61,488
	07010014BC0815		47,200	48,125
Total Breast & Cervical Cancer Early Detection Program			<u>106,126</u>	<u>109,613</u>
Maternal and Child Health Services Block Grant to the States	07010011MC0714	93.994	103,605	110,006
	07010011MC0815	93.994	90,000	94,267
Total Maternal and Child Health Services Block Grant to the States			<u>193,605</u>	<u>204,273</u>
Preventive Health and Services Block Grant	07010014CC0312	93.991	81,000	76,119
Total Ohio Department of Health			<u>530,395</u>	<u>535,660</u>
<b>Total United States Department of Health and Human Services</b>			<u>541,143</u>	<u>571,158</u>
<b>Total Federal Financial Assistance</b>			<u>\$1,345,914</u>	<u>\$ 1,296,326</u>

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**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.



**Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Mansfield-Ontario-Richland County Board of Health  
Richland County  
555 Lexington Ave  
Mansfield, Ohio 44907

To the Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of Mansfield-Ontario-Richland County Board of Health, Richland County, (the Board) as of and for the years ended December 31, 2014 and the related notes to the financial statements, and have issued our report thereon dated August 27, 2015, wherein we noted the Board followed financial reporting provisions of 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 opinion 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.

***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.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Worthington, Ohio  
August 27, 2015



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

## **Independent Auditor's Report on Compliance with Requirements Applicable to The Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Mansfield-Ontario-Richland County Board of Health  
Richland County  
555 Lexington Ave  
Mansfield, Ohio 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 each of the Board's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal programs.

### **Management's Responsibility**

The Board's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its 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*; and 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 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 Mansfield-Ontario-Richland County Board of Health 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, 2014.

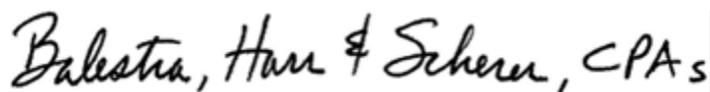
### **Report on Internal Control Over Compliance**

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's compliance 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.



Balestra, Harr & Scherer, CPAs, Inc.  
Worthington, Ohio  
August 27, 2015

**Mansfield-Ontario-Richland County Board of Health**

*Schedule of Audit Findings*

*OMB Circular A-133 Section .505*

*December 31, 2014*

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

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

**Mansfield-Ontario-Richland County Board of Health**

*Schedule of Audit Findings*

*OMB Circular A-133 Section .505*

*December 31, 2014*

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

None

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

None

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# Dave Yost • Auditor of State

**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  
DECEMBER 8, 2015**