

Mahoning Valley Sanitary District, Ohio

**For the Fiscal Year Ended June 30, 2015
Annual Financial Report**



Our Mission Statement

The Mahoning Valley Sanitary District and its employees are committed to preserving the public health and the natural environment while providing a safe and reliable supply of potable water. The employees of the Mahoning Valley Sanitary District are well trained in order to serve the Mahoning Valley community in the most efficient, courteous way possible in providing quality service.

Alan Tatalovich, CPA
Secretary/Treasurer

Mahoning Valley Sanitary District, Ohio

Annual Financial Report

For the Fiscal Year Ended June 30, 2015

Issued by:

Department of Finance and Administration

Alan Tatalovich, CPA
Secretary/Treasurer

Introductory Section

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**MAHONING VALLEY SANITARY DISTRICT
TRUMBULL COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
I. Introductory Section	
Table of Contents	1
Letter of Transmittal	3
List of Principal Officials	11
Organizational Chart	12
Government Finance Officers Association Certificate.....	13
II. Financial Section	
Independent Auditor's Report	17
Basic Financial Statements:	
Fund Financial Statements:	
Statement of Net Position – Modified Cash Basis	19
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	20
Statement of Cash Flows – Modified Cash Basis	21
Notes to the Basic Financial Statements.....	22
Supplementary and Other Information Accompanying the Basic Financial Statements:	
Trend Information:	37
Net Position by Component – Last Ten Years – Modified Cash Basis	38
Change in Net Position - Last Ten Years – Modified Cash Basis	40
Outstanding Long-Term Debt Obligations by Type - Last Ten Years	42
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	43

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MAILING ADDRESS:
P.O. Box 4119
Youngstown, Ohio 44515-0119

SHIPPING ADDRESS:
1181 Ohltown-McDonald Road
Mineral Ridge, Ohio 44440

TELEPHONE: (330) 799-6315 • (330) 652-3614 • FAX (330) 652-6293

STATE OF OHIO
THE MAHONING VALLEY SANITARY DISTRICT

November 30, 2015

Member Cities of Youngstown and Niles and
Members of the Board of Directors:

The management of the Mahoning Valley Sanitary District is pleased to provide this annual financial report to its member cities and consumers and other interested parties to demonstrate its accountability and communicate the District's financial position and resource flows as of and for the year ended June 30, 2015. Management of the District is responsible for the fair presentation of this annual financial report, for maintaining appropriate internal control over financial reporting, and for complying with applicable finance-related laws, regulations, and provisions of grants and contracts. The District reports its financial statements and schedule on a modified cash basis, which management has determined is an acceptable financial reporting framework that differs from generally accepted accounting principles (GAAP). All of the financial analyses in this report should take into consideration the limitations inherent in the modified cash basis of accounting.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Auditor of State has issued their opinion on these financial statements, which includes an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

Profile of the District

The Mahoning Valley Sanitary District ("the District") was formed in 1926 and began supplying water in 1932. The District provides quality water to the member cities – the City of Youngstown and the City of Niles; and by special contract to the Village of McDonald. The members serve surrounding areas such as Girard, Canfield, Mineral Ridge, Lordstown and portions of 10 other townships.

The District is a political subdivision of the State of Ohio established under the authority of the Sanitary Act of Ohio and governed by the Ohio Revised Code Chapter 6115. A Court of Jurisdiction that includes the Trumbull and Mahoning County Court of Common Pleas and a Board of Directors that is appointed by the member cities oversees the District. The District's Board of Directors consists of four members, two from the City of Youngstown and two from the City of Niles. The Sanitary District Act empowers the District to provide water supply, treatment, transmission feeder systems and storage reservoirs, but not distribution.

The District utilizes a five-year forecast as the original document from which to form succeeding year's operating and debt budget. After updating the forecast for changes in revenue and expense assumptions, department heads will operate from the established budget which is prepared and approved by the Board of Directors prior to July 1 of each fiscal year. The line item budgets are reviewed periodically to ensure management becomes aware of any significant changes during the fiscal year.

Local Economy

The District's water supply comes from the Meander Creek Reservoir. The Reservoir is seven miles long, covers 2,010 acres with 40 miles of shoreline, and has a capacity of 11 billion gallons. District owned land includes 5,500 acres enclosed by 35 miles of fence. The land is reforested with 4 million evergreens and serves as an unofficial fish and game refuge – with no public access permitted!

The District's current capacity is 60 million gallons per day and the present use is about 24 million gallons per day. The District's water is treated and delivers pure, safe, clear, sparkling, soft, potable water to its member cities.

The District's Board of Directors consists of four members, two from the City of Youngstown and two from the City of Niles. Matthew J. Blair, Esq. served as President of the Board for the fiscal year 2015. Other Board members include; James V. Sylvester, Niles City Council appointment; Rufus G. Hudson Youngstown City Council appointment and Jamael T. Brown, City of Youngstown mayoral appointment.

The Board's overall hiring policy is to maintain proper staffing levels so that maintenance and service is maintained throughout our operations. The Board accomplished proper staffing levels with hires to key positions in the last fiscal year. The District's hourly employees are represented by AFSCME Local 1649. The Union employees are in the third year of a three-year contract that expires on June 30, 2016. The District has implemented a plant wide Supervisory Control and Data Acquisition (SCADA) system. The SCADA system will automate functions of the water purification process that are currently performed manually by District employees. The Board has made the decision to abolish certain jobs that have been directly affected by the implementation of the SCADA system. These employees have been offered positions in the plant that have similar expertise requirements. Therefore, no layoffs are anticipated because of SCADA implementation.

The Board annually advertises for bids on chemicals that are needed in the purification process. The District will continue to have concerns with costs for the purification process as the high cost for energy drives the overall cost for chemicals. The volatility of prices for chemicals as well as our other variable costs such as electricity, natural gas heat and sludge removal will continue to remain an area of concern for District management. The recent increase in shale gas discovery benefited our entity because natural gas prices decreased. Market forces at work currently see the global crude oil price decreasing significantly, which may not bode well for the fracking industry. It remains to be seen how this will affect natural gas cost in the future. Budgeting for energy costs will continue to present problems for certainty. The constantly changing conditions of the Meander Reservoir have always contributed to some uncertainty regarding the needs of treatment. The types and volume of chemicals needed to produce potable water each and every year requires much analysis and a good bit of luck.

In May of 2013 the Board of Directors passed Resolution 6003 to adopt Amendment No. 6 of the Official Plan and in conjunction passed Resolution No. 6004 which determined rates of compensation for the water furnished by the District to the Cities of Youngstown and Niles and the Village of McDonald for the period of July 1, 2013 to June 30, 2016, inclusive. The Board went before the District's Court of Jurisdiction on June 22, 2013 for hearing upon motion by the District for determination of the rate of compensation to be paid to the District for the sale of water to its member cities, Youngstown, Niles and the Village of McDonald and a program of improvement designated as Amendment No. 6. It was ordered,

adjudged, and decreed that the rates for sale of water reflected in Schedule A are reasonable, necessary and adequate to meet the District's current needs. The Board and management are currently reviewing the five-year operating and capital improvement forecast to determine the revenue stream necessary to maintain operations and capital improvement projects deemed essential to maintain our plant going forward in the near future and beyond.

The future marketing plans of the District with regard to promoting widespread use of our product in areas who have not had the opportunity for access to our product are ongoing. Our Board is exploring ways to benefit the District's and our member cities overall water distribution by investigating all avenues open to them. Though there is interest on the District's part to possibly participate in some way in the shale gas exploration industry by providing water to companies that need water in their drilling operations there has not been any significant progress in that regard. In our area gas exploration utilizing "fracking" has all but come to an abrupt halt. It has been the opinion of the Board with regard to drilling of gas wells using the technology commonly referred to as "fracking" that no such drilling would be allowed on reservoir property. This issue may become a more prominent one in future years.

Financial Analysis

The financial statements are reported using the modified cash basis of accounting. Under this basis of accounting, only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period are recognized, except as follows:

- (1) *Interfund receivables and payables* that arise from transactions and events involving cash or cash equivalents are recognized;
- (2) *Assets that normally convert to cash or cash equivalents* (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and
- (3) *Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting the eligibility requirements* are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure are not reported on the face of the financial statements. However, the government's long-term debt obligations are disclosed in the notes to the financial statements.

STATEMENT OF NET POSITION

(Modified Cash Basis)

	2015	2014	Change
Assets			
Cash and Cash Equivalents	\$32,310,788	\$29,874,355	\$2,436,433
Restricted Assets - Cash and Cash Equivalents with Trustee	5,083,707	5,027,908	55,799
Total Assets	<u>\$37,394,495</u>	<u>\$34,902,263</u>	<u>\$2,492,232</u>
Net Position			
Restricted for:			
Debt Service	\$5,083,707	\$5,027,908	\$55,799
Unrestricted	32,310,788	29,874,355	2,436,433
Total Net Position	<u>\$37,394,495</u>	<u>\$34,902,263</u>	<u>\$2,492,232</u>

A portion of the District's net position represents resources subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position may be used to meet the District's ongoing activities.

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION**

(Modified Cash Basis)

	2015	2014	Change
Operating Revenues			
Charges for Services	\$16,676,129	\$16,775,182	(\$99,053)
Special Assessments	1,726,925	1,720,981	5,944
Miscellaneous	2,867	1,028	1,839
<i>Total Operating Revenues</i>	<u>18,405,921</u>	<u>18,497,191</u>	<u>(91,270)</u>
Operating Expenses			
Personal Services	3,893,257	4,171,589	278,332
Supplies and Services	3,514,541	3,069,233	(445,308)
<i>Total Operating Expenses</i>	<u>7,407,798</u>	<u>7,240,822</u>	<u>(166,976)</u>
<i>Operating Income (Loss)</i>	<u>10,998,123</u>	<u>11,256,369</u>	<u>(258,246)</u>
Non-Operating Revenues (Expenses)			
Timber Sales	145,667	75,000	70,667
Royalties	53,429	77,799	(24,370)
Miscellaneous - Non-Operating Revenue	25,073	31,383	(6,310)
Miscellaneous - Non-Operating Expense	(79,261)	(88,892)	9,631
Capital Outlay:			
Equipment - Non-Operating Expense	(534,060)	(406,056)	(128,004)
Capital Outlay - Non-Operating Expense	(1,334,899)	(960,433)	(374,466)
EPA/OWDA Funds Disbursed	(6,619,656)	(4,401,938)	(2,217,718)
Redemption of Principal	(5,575,642)	(5,365,562)	(210,080)
Interest and Fiscal Charges	(1,383,311)	(1,512,335)	129,024
Proceeds of EPA/OWDA Loan	6,782,922	4,401,938	2,380,984
Investment Earnings	13,847	5,700	8,147
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(8,505,891)</u>	<u>(8,143,396)</u>	<u>(362,495)</u>
<i>Income (Loss) before Capital Contributions</i>	2,492,232	3,112,973	(620,741)
Capital Contributions	0	292,096	(292,096)
<i>Change in Net Position</i>	2,492,232	3,405,069	(912,837)
<i>Net Position Beginning of Year</i>	<u>34,902,263</u>	<u>31,497,194</u>	<u>3,405,069</u>
<i>Net Position End of Year</i>	<u>\$37,394,495</u>	<u>\$34,902,263</u>	<u>\$2,492,232</u>

Operating revenues represent the vast majority of total receipts and are primarily user charges and assessments for services provided. Charges for services revenue decreased slightly in fiscal year 2015 due to the reduced purchases from customers. Operating expenses increased from changes to wages and benefits coupled with larger supply purchases as a cost of doing business.

The capital outlay expenses represent costs incurred in the purchase and building of capital assets. Redemption of principal represents costs for the retirement of bonded debt and OWDA loans.

Overall, the financial position of the District improved over fiscal year 2015. The District's revenue stream continues to exceed the expenses leaving the District with a strong net position going forward.

The Ohio Revised Code Section 6115 sets the Districts' funds at two: the Maintenance fund and the Bond fund. The District also reflects an additional fund identified as the Bond Retirement fund to provide additional information in the form of a sub-account fund. The District's two types of funds and the District's sub-account funds all use the modified cash basis of accounting approach and are cumulatively reported using the modified cash basis of accounting which measures cash and other financial assets that can be readily turned into cash. For reporting purposes, the District combines these and displays a stand-alone enterprise fund.

For the fiscal year ended June 30, 2015, the stand-alone enterprise fund reported net position of \$37,394,495. Despite increases in operating and debt service expenses, the enterprise fund had an increase in net position as revenues continued to outpace expenses.

Debt

At June 30, 2015 the District had \$13,125,000 in outstanding bonds payable and \$39,304,045 in outstanding OWDA loans payable. The District paid \$3,865,000 in principal on bonds and \$1,710,642 in principal on OWDA loans outstanding during the fiscal year. The District has loan agreements with the Ohio Water Development Authority/Environmental Protection Agency for various projects. In fiscal year 2015, the District entered into an additional loan agreement with the Ohio Water Development Authority/Environmental Protection Agency for a project relating to Supervisory Control and Data Acquisition (SCADA)/Enhanced Security Improvements for a total amount of \$3,146,428. This amount represents the loan amounts encumbered for loan fees and contract services. This loan as well as the Solids Contact Clarifier/Recarbonation, Phase II Valve/Pipeline Replacement Project loan, the Chemical Feed Improvements Design Project loan, the Berlin Pump Station Improvements Design Project loan and the SCADA/Instrumentation Improvements Project loan have not been finalized and therefore the repayment schedules for these loans are not included in the schedule of debt service payments as of June 30, 2015.

Long-Term Financial Planning

The Board of Directors seeks additional operating and capital improvement funds that are defined by the needs of the District and then detailed in our five year Operating and Capital Improvement Plan. The District's Board must act in accordance with the provisions of the ORC Section 6115 to affect a change in the water rates that increase operational and capital improvement funding. This process includes the input from the District's member cities, Youngstown, Niles and the Village of McDonald as the Court of Jurisdiction which is the Common Pleas Courts of Mahoning and Trumbull look for consensus regarding the need for additional operating and capital funds that the Board of Directors have determined as necessary to maintain the District's operation and Capital Improvements program as detailed in the five year Operating and Capital Improvement Plan. As mentioned, the District utilizes a five-year cash financial forecast to estimate revenues and control expenses to assure water revenues can maintain operations for a significant period of time. Current negotiations with our member cities has established that a three year rate schedule provides for the District's needs and allows the Cities to budget properly as well.

Current Financial Related Activities

The District receives royalties from two gas wells that are located on District property. These wells were put on District property in the 1970's. No other wells have been drilled on District property since that time. Surrounding the District's property are many gas wells, some of which contribute to royalties that are received by the District. District revenues from royalties have remained fairly constant over the last five years but total gross receipts for gas royalties have lessened since a high of seven years ago.

The District, by utilizing the process for increasing water rates on bulk water supplied to the member cities, is in good financial position at June 30, 2015. The District, over the last ten years, has had to be aggressive in its capital improvement projects. Our facility was built 87 years ago and consequently the Board and management must either prepare plans for its improvement and maintenance or face monumental problems in the future in its efforts to maintain the product delivered to Mahoning Valley residents. Therefore, it is imperative that the Mahoning Valley's most important resource and its delivery system be maintained for the benefit of all residents.

However, the future financial stability of the District will be challenged based on our area's economic health. There had been high expectations in our area that shale gas exploration and drilling would bring long term economic growth to the Mahoning Valley. These high expectations have dimmed recently based on the lower than expected returns on test wells. Increased shale gas exploration and drilling in the near future remains quite uncertain. Some area residents have had success finding employment in this industry but have decreased because of limited new drilling. Those experienced crews that do the actual drilling are brought into the area and do not become permanent residents. So, unfortunately, it does not mean our overall population is increasing because of the oil and gas exploration industry. The long-term positive economic effects for area residents not directly involved because of property ownership or part of a specific drilling area to benefit with royalty checks has not been clearly defined in terms of overall economic growth (jobs) for our area. The most recent information we have concerning oil and gas exploration in our area suggests zero growth.

The District has major and ongoing expense to its water purification plant built in 1926. Rehabilitation or the replacement of obsolete infrastructure vital to the purification of water is a major challenge for management to ensure infrastructure can be preserved as long as possible without affecting our finished product. The District's current Board and management look to implementing new/cutting edge technology in every area of the operation that is economically cost effective and efficient. Our current Amendment No. 5 and Amendment No. 6 incorporate some of the latest and best water treatment technology now available and used in the water industry as well as providing a complete overhaul of existing equipment (refurbishing) rather than purchasing new. These Amendments to the Official Plan of the District which was originally established in 1926 were presented to the District's member cities through meetings with important stakeholders and memorialized in the District's five year Operating and Capital Improvement Plan. The five-year forecast incorporates a capital plan for the same period of time, and is utilized by staff to manage the District's infrastructure resources effectively. Additionally, our five-year forecast tool is used by the District to engage our member cities in ongoing meaningful dialogue during the fiscal year to keep the cities' technical and political personnel informed of all operating and capital expenditure changes as they can be estimated and/or foreseen to be a major change to our budget. This free exchange of technical and operating information between the District and its member cities has proven to be very beneficial to all entities as evidenced by the new rate schedule that went into effect on July 1, 2013 which included a full year of no increase to the District's water revenue stream; the open and transparent plans established by the District and shared regularly with our member cities benefits our entity, the cities, and all of the water users in the Meander Water distribution area. We are always looking at our five-year forecasting plan to edit and revisit the plan and if changes are needed or anticipated, meetings are set up to present our findings to the appropriate officials of our member cities. The new five year plan's core premise that was approved by our Board of Directors and the cities and our Court of Jurisdiction was manifested into the current 3 year Schedule A revenue stream that went into effect on July 1, 2013.

In fiscal year 2013, the District's Board of Directors awarded a major capital improvements contract to a local electrical firm and local design firm. This project is to design and build a SCADA system and improve all instrumentation relating to the same. The total project estimate is \$3,654,000. The District applied for and received a loan to achieve the design objectives at a cost of \$624,000. The design of the SCADA project has been completed and though the District was able to push forward and begin the project ahead of schedule the anticipated online date has been pushed forward. This project should be

online by late December of 2015 with tweaks and necessary adjustments to the project as all encompassing as this is anticipated to take several months after the project's official completion date. Throughout the fiscal year the District will prioritize major maintenance type projects that can be accomplished with budgeted funds or projects that can be done by appropriating funds from current unrestricted funds. The following are examples of projects that were deemed necessary and then were properly funded by Board Resolution and Appropriation; Emergency electrical work for the Solids Contact Clarifiers, \$75,000; additional design work related to the District's Dam and Spillway project, \$197,500. The Board also appropriated funds in the amount of \$70,000 for the renovation of an historic landmark dwelling that is owned by the District. The landmark dwelling is called the "Strock House" and was built circa 1836. Renovations included repair of chimneys, roof, windows and remodeling of the inside of the house keeping with period design. The District makes yearly applications to the Ohio Public Works Commission for grants on projects designed to be paid from District unrestricted funds. The District's staff participates in District 6 meetings throughout the year to present a project that it deems important and will receive favorable points from the District 6 board to be awarded Ohio Public Works Commission grant fund approval. The Chemical Feed Project Project Phase II; Chlorine Process was partially funded in the amount of \$349,110 by an OPWC grant. The District's local share amounts to \$297,390. The funds for this project were initially to be awarded July 1, 2015, but as this project was graded on "the bubble" funds may not be awarded until other state projects fall off the funding list. The District is hopeful to receive the funds some time in the current fiscal year.

As stated earlier in this discussion the major business thrust in our area and possibly the whole country had been oil and gas exploration. We hear no concrete projections for how much positive impact this business will have on our whole community. The District's mission remains the same; preserve the public health and the natural environment while providing a safe and reliable supply of potable water. The District continues with the opinion that the nation's infrastructure deficiencies are a grave concern. The District is hopeful that more federal funds will be made available for infrastructure rebuilding; water, sewer and bridges leading to further economic recovery.

The District's position remains the same regarding funding through Issue II funds. As this entity has previously stated, the Mahoning Valley Sanitary District is a significantly important organization in our area. The District, along with other entities, competes for Issue II funds to help with infrastructure capital improvements. Depending on the importance of the projects and available matching funds, the grants are distributed to entities whose projects top the list according to established parameters. The District will continue to seek Issue II funding. These funds when received help the District to accomplish some form of capital improvement, or maintenance issue that will not directly affect our water rates for bulk water delivery. It is important that these funds obtained from the State for the purpose of financing or assisting in the financing of the costs of public infrastructure capital improvements for local subdivisions such as the District remain available on a yearly basis. The District had one project approved for funding in 2015, which it has not yet received, and one project for Program Year 2016 for which a pre-application has already been submitted. OPWC grant funding is very important and has been a successful auxiliary financing option employed by management for this entity which in conjunction with our established, detailed financial forecast tool that provides complete transparency of our financial operations. As a result these tools help us provide the essential revenue stream that allows are entity to accomplish our objectives and stated mission of providing the very best water product we can while preserving the public health and the surrounding natural environment.

Awards and Acknowledgements

This is the second year that the District has submitted a report to the Government Finance Officers Association (GFOA) for the prestigious Award for Small Government Cash Basis Reports. In order to receive an Award for Small Government Cash Basis Reports, the District has to publish an easily readable and efficiently organized Small Government Annual Financial Report that satisfies Award Program requirements.

An Award for Small Government Cash Basis Reports is valid for a period of one year only. The fiscal year 2014 report received the Award for Small Government Cash Basis Reports. We believe that our current financial report meets the Award for Small Government Cash Basis Reports' requirements, and we are submitting it to the GFOA to determine its eligibility for the Award.

The preparation of this report could not have been accomplished without the efficient and dedicated service of various staff within the Administration. Their efforts are greatly appreciated. Credit must also be given to the Board of Directors for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



Alan Tatalovich
Secretary/Treasurer

MAHONING VALLEY SANITARY DISTRICT

List of Principal Officials at June 30, 2015

APPOINTED OFFICIALS

CITY OF NILES, MAYORAL APPOINTMENT
CITY OF NILES, COUNCIL APPOINTMENT

MATTHEW J. BLAIR
JAMES V. SYLVESTER

CITY OF YOUNGSTOWN, MAYORIAL APPOINTMENT
CITY OF YOUNGSTOWN, COUNCIL APPOINTMENT

JAMAEL T. BROWN
RUFUS G. HUDSON

ADMINISTRATIVE STAFF

CHIEF ENGINEER
SECRETARY/TREASURER

ANTHONY VIGORITO
ALAN TATALOVICH

SUPERINTENDENT OF PURIFICATION
CHIEF OF OPERATIONS

JOHN NEMET
KEITH REES

SUPERINTENDENT OF PUMPING

JOE WOODLEY

RESIDENT ENGINEER

JON JAMISON

CHIEF PATROLMAN

RALPH MILLER

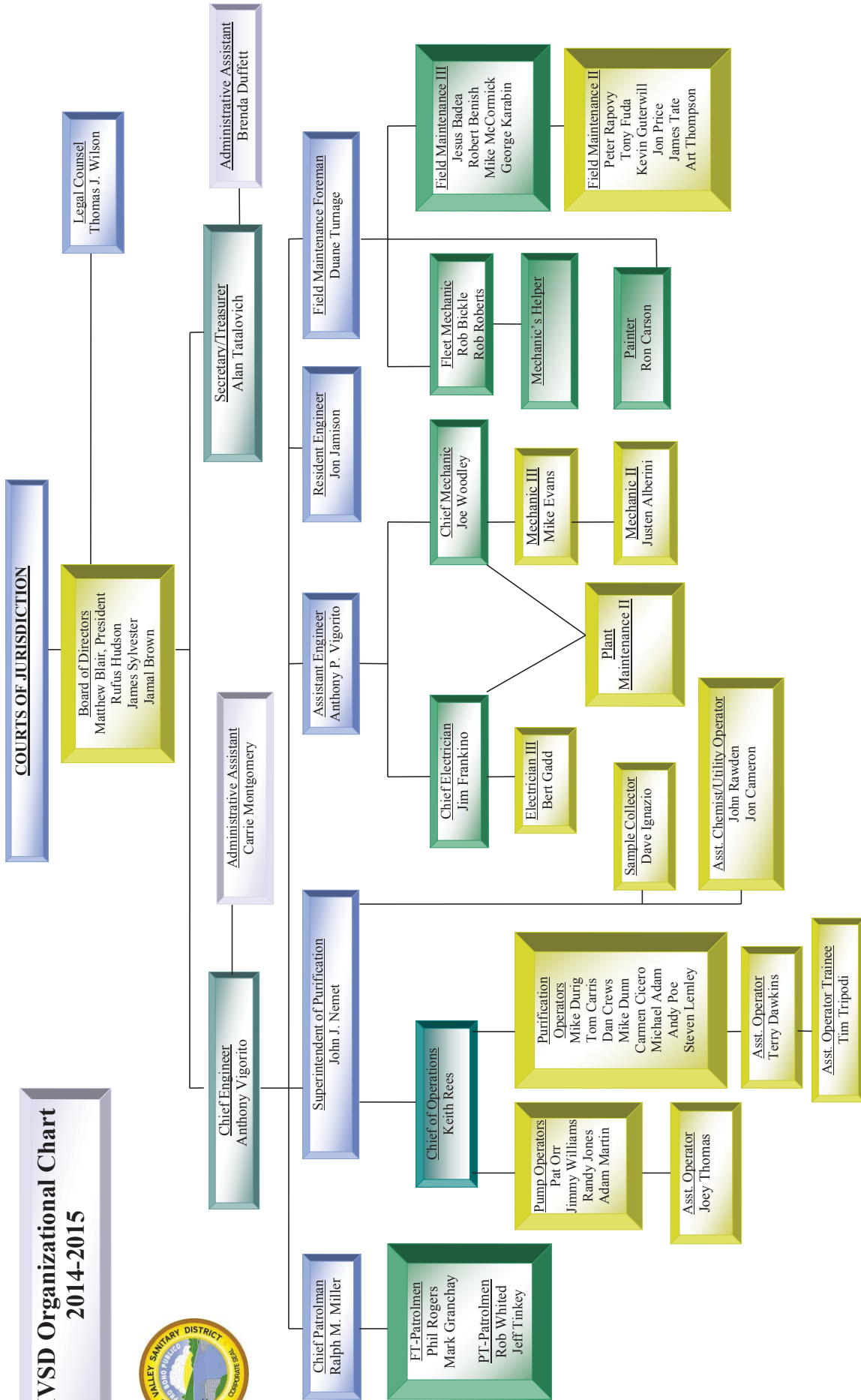
FIELD MAINTENANCE SUPERVISOR

DUANE TURNAGE

ADMINISTRATIVE ASSISTANTS

BRENDA DUFFETT
CARRIE MONTGOMERY

MVSD Organizational Chart 2014-2015





Government Finance Officers Association

Award for Small Government Cash Basis Reports

Presented to

**Mahoning Valley Sanitary District
Ohio**

For its Annual Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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Financial Section

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Mahoning Valley Sanitary District
Trumbull County
P.O. Box 4119
Youngstown, Ohio 44515

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Mahoning Valley Sanitary District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the business-type activities of the Mahoning Valley Sanitary District, Trumbull County, Ohio, as of June 30, 2015, and the respective changes in modified cash financial position and cash flows thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

The introductory section and the financial section's trend information present additional analysis and are not a required part of the basic financial statements.

We did not subject the introductory section presented on pages 3-13 of the report and the trend information presented on pages 40-44 of the report to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.



Dave Yost
Auditor of State
Columbus, Ohio

November 30, 2015

Mahoning Valley Sanitary District

Statement of Net Position

June 30, 2015

(Modified Cash Basis)

Current Assets	
Cash and Cash Equivalents	\$32,310,788
Restricted Assets - Cash and Cash Equivalents with Trustee	<u>5,083,707</u>
<i>Total Assets</i>	<u><u>\$37,394,495</u></u>
Net Position	
Restricted for:	
Debt Service	\$5,083,707
Unrestricted	<u>32,310,788</u>
<i>Total Net Position</i>	<u><u>\$37,394,495</u></u>

See accompanying notes to the basic financial statements

Mahoning Valley Sanitary District
*Statement of Revenues,
Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2015
(Modified Cash Basis)*

Operating Revenues	
Charges for Services	\$16,676,129
Special Assessments	1,726,925
Miscellaneous	2,867
	<u>18,405,921</u>
<i>Total Operating Revenues</i>	
Operating Expenses	
Personal Services	3,893,257
Supplies and Services	3,514,541
	<u>7,407,798</u>
<i>Total Operating Expenses</i>	
<i>Operating Income (Loss)</i>	<u>10,998,123</u>
Non-Operating Revenues (Expenses)	
Timber Sales	145,667
Royalties	53,429
Miscellaneous - Non Operating Revenue	25,073
Miscellaneous - Non Operating Expense	(79,261)
Capital Outlay:	
Equipment - Non Operating Expense	(534,060)
Capital Outlay - Non Operating Expense	(1,334,899)
EPA/OWDA Funds Disbursed	(6,619,656)
Redemption of Principal	(5,575,642)
Interest and Fiscal Charges	(1,383,311)
Proceeds of EPA/OWDA Loan	6,782,922
Investment Earnings	13,847
	<u>(8,505,891)</u>
<i>Total Non-Operating Revenues (Expenses)</i>	
<i>Change in Net Position</i>	2,492,232
<i>Net Position Beginning of Year</i>	<u>34,902,263</u>
<i>Net Position End of Year</i>	<u>\$37,394,495</u>

See accompanying notes to the basic financial statements

Mahoning Valley Sanitary District
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2015
(Modified Cash Basis)

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Customers	\$16,676,129
Cash Received from Assessments	1,726,925
Cash Received from Timber Sales	145,667
Cash Received from Royalties	53,429
Other Cash Received	27,940
Cash Payments to Employees for Services	(3,893,257)
Cash Payments to Suppliers for Goods and Services	(3,514,541)
Other Cash Payments	(79,261)

Net Cash Provided by (Used for) Operating Activities 11,143,031

Cash Flows from Capital and Related Financing Activities

Proceeds of EPA/OWDA Loan	6,782,922
Redemption of Principal - Water Revenue Bonds	(3,865,000)
Interest and Fiscal Charges - Water Revenue Bonds	(430,269)
Redemption of Principal - EPA/OWDA Loans	(1,710,642)
Interest and Fiscal Charges - EPA/OWDA Loans	(953,042)
Acquisition of Capital Assets	(8,488,615)

Net Cash Provided by (Used for)
Capital and Related Financing Activities (8,664,646)

Cash Flows from Investing Activities

Interest on Investments	<u>13,847</u>
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Net Increase (Decrease) in Cash and Cash Equivalents 2,492,232

Cash and Cash Equivalents Beginning of Year 34,902,263

Cash and Cash Equivalents End of Year \$37,394,495

**Reconciliation of Operating Income (Loss) to Net Cash
Provided by (Used for) Operating Activities**

Operating Income (Loss) \$10,998,123

Adjustment:

Non-Operating Revenues:

Timber Sales	145,667
Royalties	53,429
Other Non-Operating Cash Received	25,073
Other Non-Operating Cash Payments	(79,261)

Net Cash Provided by (Used for) Operating Activities \$11,143,031

See accompanying notes to the basic financial statements

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 1 - Reporting Entity

The Mahoning Valley Sanitary District, Trumbull County (the District), is a political subdivision of the State of Ohio and a body corporate created under Section 6115.08 of the Ohio Revised Code (The Sanitary District Act of Ohio) for the purpose of providing a water supply for domestic, municipal and public use to the Cities of Youngstown and Niles and the Village of McDonald.

On February 5, 1998, Substitute House Bill 26 was enacted to amend various sections of the Revised Code. This bill altered the composition and method of appointment of the members of the Board of Directors of the District, limited the compensation paid and benefits provided to board members; required the members of the Board to file financial disclosure statements with the Ohio Ethics Commission, and subjected the District to financial certification requirements prior to expending moneys.

The Board of Directors of the Mahoning Valley Sanitary District is made up of four members. One is appointed by the Mayor of the City of Youngstown, one by the Mayor of the City of Niles, one by the Youngstown City Council, and one by the Niles City Council.

The positions of Secretary and Treasurer were combined on January 15, 1997. The Secretary/Treasurer is the fiscal officer of the District as well as the custodian of the records of the District and its corporate seal.

The Chief Engineer is the superintendent of all the public works and improvements.

For reporting entity purposes, the District is a stand-alone government. Management has considered all potential component units and does not believe the District has any potential component units that should be included as part of the District's reporting entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The District's financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognized revenues, expenses, assets and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

Only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period are recognized, except as follows:

- (1) *Interfund receivables and payables* that arise from transactions and events involving cash or cash equivalents are recognized;
- (2) *Assets that normally convert to cash or cash equivalents* (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and
- (3) *Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting the eligibility requirements* are recognized.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure are not reported and long-term liabilities such as debt and compensated absences are also not reported on the face of the financial statements. However, the government's long-term debt obligations are disclosed in the notes to the financial statements.

Basis of Presentation

The District used fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The operations of the District are reported as a single enterprise fund.

An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows. Assets and liabilities associated with the operation of the District are consistent with the modified cash basis included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position on a modified cash basis. The Statement of Cash Flows provides information about how the District finances and meets its cash flow needs.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, savings accounts and short-term investments with original maturities of three months or less from the date of acquisition.

During fiscal year 2015, investments were limited to treasury money market accounts. The District values investments and cash equivalents at cost. The District classifies investments in money market funds as cash equivalents as they are highly liquid investments and part of the District's cash management activities.

Accumulated Leave

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

Restricted Assets

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

Pursuant to a bond indenture, restricted assets include cash and cash equivalents with a trustee reserved for current and future debt service payments.

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are charges for services and certain revenues collected through the special assessment process. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

Net Position

Net position represents the difference between all other elements in a statement of financial position. The statements report restricted net position when creditors, grantors or laws, or regulations of other governments have imposed limitations on their use.

The District first applies restricted resources when incurring an expense for which it may use either restricted or unrestricted resources.

Budgetary Process

Although the District reports a single enterprise fund, the Ohio Revised Code requires the District to account for its day-to-day activity using a maintenance fund and a bond fund. The maintenance fund accounts for all moneys received as compensation for providing a water supply for domestic, municipal and public use under Section 6115.19, Ohio Revised Code. The bond fund accounts for proceeds of levies made against the special assessments of benefits equalized and confirmed under Section 6115.01 to 6115.79, inclusive, of the Ohio Revised Code. This fund is also used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. This fund also receives all operating revenue due from the member Cities of Youngstown and Niles and from the Village of McDonald based on an approved water rate schedule.

The Ohio Revised Code requires that the maintenance fund be budgeted annually. The Mahoning Valley Sanitary District prepares a budget for the maintenance fund and the bond fund.

Budgetary expenses (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. Appropriation authority includes current year appropriations plus encumbrances carried over from the prior year (if any). The Board of Directors must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be re-appropriated.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 3 - Deposits and Investments

Monies held by the District are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the District Treasury. Active monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Directors has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain commercial paper notes and bankers' acceptances for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$31,896,857 of the District's bank balance of \$32,396,857 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2015, the District had an investment in treasury money market accounts with a carrying and fair value of \$5,083,707 and a maturity of less than one year.

Interest Rate Risk. As a means of limiting its exposure to fair value losses caused by rising interest rates, the District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk. The Moody's rating of the District's investment is Aaa. The District has no investment policy that addresses credit risk.

Concentration of Credit Risk. The District places no limit on the amount it may invest in any one issuer.

Note 4 - Grants

The District receives financial assistance from state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District's operating fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 5 - Risk Management

The District is exposed to various risks of loss to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. During fiscal year 2015, the District contracted with Love Insurance for various types of insurance coverage as follows:

Type	Coverage	Deductible
Property/Inland Marine	\$155,000,000	\$10,000
Earthquake	1,000,000	100,000
Flood	1,000,000	100,000
Liability	6,000,000/8,000,000	1,000/2,500
Fleet Vehicle		
Physical Damage	50,000	500
Comprehensive	50,000	250

Settled claims have not exceeded this coverage in any of the last three years. There has not been significant reduction in coverage from the prior year.

The District provides health insurance to its employees. In fiscal year 2015, the District initiated a change from fully insured coverage to a partially self-funded provider contract with Medical Mutual of Ohio that provides the medical provider network and Mutual Health Services, Inc. as third party administrator for claims. The District also has a contract with IOAre; a reinsurer to protect the District against catastrophic illness situations. The District's monthly premium, which is paid to Mutual Health Services, provides for stop loss coverage and administration of all claims. The District has stop loss coverage set at \$35,000 per member of our plan which includes all employees, their spouses and dependents. The District is responsible for all claims up to that point on all of its covered members. All stop loss premiums and claims are paid from the hospitalization budget established at July 1 of each fiscal year. The payments are funded through water revenue rates, collected in the revenue fund and paid from the operating expense accounts with transfers from the revenue account when payments are due and payable.

The average monthly cost per covered employee for stop loss protection and administration of claims is \$420. The yearly premium for stop loss coverage and claims administration is \$237,162.

Workers' compensation is provided by the State. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 6 – Ohio Public Employees Retirement System

Plan Description - District employees participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan. While members (e.g. Auditor employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

supplementary information and detailed information about SERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

For retirement calculation purposes, members are divided into three groups. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan:

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

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

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

Once a benefit recipient retiring under the traditional plan has received benefits for 12 months, an annual 3 percent cost-of-living adjustment is provided on the member's base benefit.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For fiscal year 2015, members in state and local classifications contributed 10 percent of covered payroll.

For fiscal year 2015, the employer contribution rate was 14 percent. The portion of the employer's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 2 percent for fiscal year 2015. Employer contribution rates are actuarially determined.

The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the fiscal years ended June 30, 2015, 2014 and 2013 were \$320,327, \$344,598 and \$309,701, respectively; 89.20 percent has been contributed for fiscal year 2015 and 100 percent for fiscal years 2014 and 2013. There were no contributions to the member-directed plan for 2014.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Note 7 – Postemployment Benefits

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year 2015, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for fiscal year 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent for both plans as recommended by the OPERS actuary.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

The District's contribution allocated to fund postemployment health care benefits for the fiscal years ended June 30, 2015, 2014 and 2013 was \$53,388, \$41,352 and \$67,326, respectively. For fiscal year 2015, 89.20 percent has been contributed. The full amount has been contributed for 2014 and 2013.

Note 8 - Long-Term Obligations

As a result of the modified cash basis of accounting in this report, obligations related to long-term debt and other obligations are not reported as liabilities in the financial statements. Original issue amounts and interest rates of the District's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
Business-Type Activities			
<i>Water Revenue Bonds</i>			
Series 2010, Refunding	2.0 - 3.0%	\$27,030,000	2019
<i>EPA/OWDA Loans</i>			
Filter System Improvement	3.35%	7,105,074	2026
Niles Standpipe Replacement	3.25%	1,298,746	2027
Chemical Feed Building Roof	3.25%	1,609,624	2027
Administration and Filter Building Roof	4.47%	302,790	2028
WTP Lagoon Maintenance	3.36%	1,595,250	2018
Valve Replacement/Gate House	0.00%	2,488,513	2031
Solids Contact Clarifier/Recarbonation	3.99%	14,528,700	2033
Solid Clarifiers/Recarbonation	2.00%	8,000,000	2033
Phase II Valve/Pipeline Replacement	2.00%	4,702,791	2037
Chemical Feed Improvements Design	2.00%	708,567	2020
Berlin Pump Station Improvements	2.00%	2,484,922	2037
SCADA/Instrumentation Improvements	2.94%	653,096	2036
SCADA/Enhanced Security Improvements	4.32%	3,146,428	2036
Dam/Spillway Improvement Design	4.45%	340,703	2020
Phase III Valve Improvement Design	4.45%	244,239	2020

The changes in long-term obligations during the year were as follows:

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

	Balance 06/30/14	Additions	Reductions	Balance 06/30/15	Amounts Due in One Year
Business-Type Activities					
<i>Water Revenue Bonds</i>					
Series 2010, Refunding Premium	\$16,990,000	\$0	(\$3,865,000)	\$13,125,000	\$3,975,000
	130,000	0	(29,434)	100,566	0
<i>Total Revenue Bonds</i>	<u>17,120,000</u>	<u>0</u>	<u>(3,894,434)</u>	<u>13,225,566</u>	<u>3,975,000</u>
<i>EPA/OWDA Loans</i>					
Filter System Improvement	4,647,670	0	(337,420)	4,310,250	348,818
Niles Standpipe Replacement	935,660	0	(58,886)	876,774	60,815
Chemical Feed Building Roof	1,159,628	0	(72,982)	1,086,646	75,373
Administration and Filter Building Roof	231,854	0	(12,838)	219,016	13,418
WTP Lagoon Maintenance	702,451	0	(166,935)	535,516	172,592
Valve Replacement/Gate House	2,053,023	0	(124,425)	1,928,598	124,426
Solids Contact Clarifier/Recarbonation	13,258,766	331,930	(516,087)	13,074,609	0
Solid Clarifiers/Recarbonation	7,504,140	0	(338,893)	7,165,247	345,704
Phase II Valve/Pipeline Replacement	649,197	2,778,014	0	3,427,211	0
Chemical Feed Improvements Design	469,138	142,643	(67,726)	544,055	0
Berlin Pump Station Improvements	775,302	1,369,189	0	2,144,491	0
SCADA/Instrumentation Improvements	586,229	16,947	0	603,176	0
SCADA/Enhanced Security Improvements	1,055,486	2,031,362	0	3,086,848	0
Dam/Spillway Improvement Design	0	244,703	(8,379)	236,324	0
Phase III Valve Improvement Design	0	71,355	(6,071)	65,284	0
<i>Total EPA/OWDA Loans</i>	<u>34,028,544</u>	<u>6,986,143</u>	<u>(1,710,642)</u>	<u>39,304,045</u>	<u>1,141,146</u>
Total Business-Type Activities	<u>\$51,148,544</u>	<u>\$6,986,143</u>	<u>(\$5,605,076)</u>	<u>\$52,529,611</u>	<u>\$5,116,146</u>

In July 2010, the District issued the Series 2010 Water Revenue Refunding Bonds in the amount of \$27,030,000. These bonds were issued for the purpose of currently refunding the outstanding principal amount of the Series 1998 Refunding Bonds and the Series 1999 Refunding Bonds. The bonds were issued for a nine year period with a final maturity at December 1, 2018. The portion of these bonds relating to the Series 1998 bonds are paid from assessments collected from the cities of Youngstown and Niles. The portion of these bonds relating to the Series 1999 bonds are paid from gross revenues of the water system after provisions for operating and maintenance expenses. The structuring of the Series 2010 bonds allows for a portion of the assessments to cash fund capital improvement projects in the near future in lieu of obligating the District with new loans. The flow of funds is set by the trust agreements and the District must follow the restrictive financial covenants to remain in compliance with the bond indenture. Restricted assets held by the trustee related to the Water Revenue Bond amounted to \$5,083,707. The District also internally maintains an operating reserve account of \$1,378,995 and a rate stabilization account of \$1,197,386. Under the terms of the bond covenant, these internally held accounts may be accessed by the District.

The modified cash basis does not recognize premiums on debt. However, the above chart reflects the annual amortization of the premium over the term of the bonds using the straight-line method. When the Water Revenue Refunding Bonds were issued, the District incurred an accounting loss which represents the difference between the reacquisition price of the refunded bonds and the carrying amount of the old debt. The modified cash basis does not recognize deferred charges on refunding transactions; however, if this amount were amortized, the balance at June 30, 2015, would have been \$218,085.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

The District has pledged future revenues, net of operating expenses, to repay revenue bonds. The debt is payable solely from net revenues and are payable through 2019. Annual principal payments on the debt issues are expected to require 35.14 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$13,836,581. Principal and interest paid for the current year and total net revenues were \$4,295,269 and \$10,998,123, respectively.

In fiscal year 2005, the District was approved for a \$7,105,074 Ohio Water Development Authority loan for improvements to the filtration system. This loan was issued for a twenty year period with a final maturity in fiscal year 2026.

In fiscal year 2007, the District was approved for a \$1,298,746 Ohio Water Development Authority loan for the replacement of the Niles Standpipe. This loan was issued for a twenty year period with a final maturity in fiscal year 2027.

In fiscal year 2006, the District was approved for a \$1,609,624 Ohio Water Development Authority loan for the replacement of the Chemical Feed roof. This loan was issued for a twenty year period with a final maturity in fiscal year 2027.

In fiscal year 2008, the District was approved for a \$302,790 Ohio Water Development Authority loan for the replacement of the Administration and Filter Building roof. This loan was issued for a twenty year period with a final maturity in fiscal year 2028.

In fiscal year 2008, the District was approved for a \$1,595,250 Ohio Water Development Authority loan for the Water Treatment Plant Lagoon Maintenance project. This loan was issued for a ten year period with a final maturity in fiscal year 2018.

In fiscal year 2010, the District was approved for a \$2,488,513 Ohio Water Development Authority loan for the Valve Replacement/Gate House project. This loan was issued for a twenty year period with a final maturity in fiscal year 2031.

The District was approved for a \$14,528,700 Ohio Water Development Authority loan for the Solids Contact Clarifier/Recarbonation project. As of June 30, 2015, the District has drawn down proceeds of \$14,073,470. Total current year additions consisted of proceeds of \$331,930. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments. Until a final repayment schedule is available, the District is paying based upon estimates.

In fiscal year 2012, the District was approved for an \$8,000,000 Ohio Water Development Authority loan for the Solid Clarifiers/Recarbonation project. This loan was issued for a twenty year period with a final maturity in fiscal year 2033.

The District was approved for a \$4,702,791 Ohio Water Development Authority loan for the Phase II Valve/Pipeline Replacement project. As of June 30, 2015, the District has drawn down proceeds of \$3,377,535. Total current year additions of \$2,778,014 consisted of proceeds of \$2,731,107 and capitalized interest of \$46,907. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

The District was approved for a \$708,567 Ohio Water Development Authority loan for the Chemical Feed Improvements Design project. As of June 30, 2015, the District has drawn down proceeds of \$595,994. Total current year additions of \$142,643 consisted of proceeds of \$137,508 and capitalized interest of \$5,135. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

The District was approved for a \$2,484,922 Ohio Water Development Authority loan for the Berlin Pump Station Improvements project. As of June 30, 2015, the District has drawn down proceeds of \$2,109,334. Total current year additions of \$1,369,189 consisted of proceeds of \$1,336,859 and capitalized interest of \$32,330. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

The District was approved for a \$653,096 Ohio Water Development Authority loan for the SCADA/Instrumentation Improvements project. As of June 30, 2015, the District has drawn down proceeds of \$576,264. Total current year additions of \$16,947 consisted of capitalized interest of \$16,947. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

The District was approved for a \$3,146,428 Ohio Water Development Authority loan for the SCADA/Enhanced Security Improvements project. As of June 30, 2015, the District has drawn down proceeds of \$2,981,025. Total current year additions of \$2,031,362 consisted of proceeds of \$1,936,386 and capitalized interest of \$94,976. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

The District was approved for a \$340,703 Ohio Water Development Authority loan for the Dam/Spillway Improvement Design project. As of June 30, 2015, the District has drawn down proceeds of \$239,169. Total current year additions of \$244,703 consisted of proceeds of \$239,169 and capitalized interest of \$5,534. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

The District was approved for a \$244,239 Ohio Water Development Authority loan for the Phase III Valve Improvement Design project. As of June 30, 2015, the District has drawn down proceeds of \$69,963. Total current year additions of \$71,355 consisted of proceeds of \$69,963 and capitalized interest of \$1,392. This loan has not been finalized and therefore the repayment schedule is not included in the schedule of debt service payments.

An analysis of the EPA/OWDA loan balances is as follows:

	EPA/OWDA Loans
Outstanding Principal at June 30, 2014	\$34,028,544
Current Fiscal Year Loan Proceeds	6,782,922
Current Fiscal Year Capitalized Interest	203,221
Current Fiscal Year Principal Payments	(1,710,642)
Outstanding Principal at June 30, 2015	\$39,304,045

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2015 are as follows:

	Water Revenue		OWDA	
	Bonds		Loans	
	Principal	Interest	Principal	Interest
2016	\$3,975,000	\$335,794	\$1,141,146	\$371,993
2017	4,065,000	222,112	1,170,793	342,344
2018	2,505,000	114,975	1,201,352	311,787
2019	2,580,000	38,700	1,042,113	281,879
2020	0	0	1,068,115	255,876
2021 - 2025	0	0	5,758,790	861,168
2026 - 2030	0	0	3,495,012	264,174
2030 - 2033	0	0	1,244,726	35,710
Total	<u>\$13,125,000</u>	<u>\$711,581</u>	<u>\$16,122,047</u>	<u>\$2,724,931</u>

As a result of the use of the modified cash basis of accounting in this report, obligations related to accrued compensated absences and net pension liability are not reported as liabilities in the financial statements. Expenses related to compensated absences and pension funding are recorded when paid.

Note 9 – Capital Improvements

On June 24, 2015, the District passed Resolution No. 6185, earmarking certain District cash balances for capital improvement projects as follows:

Capital Project Descriptions	Amount
Venturi meter project and chemical feed system	\$4,371,000
Ongoing sludge removal, sludge lagoon and access road repair	4,152,994
Dam and spillway Improvements	3,000,000
Improvement of existing facilities and equipment	2,444,885
Sand filter, electronic upgrades and selected roof replacements	2,329,000
Berlin and Venturi projects completions	1,441,618
Total	<u>\$17,739,497</u>

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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Supplementary and Other Information Accompanying the Basic
Financial Statements

Trend Information

This part of the Mahoning Valley Sanitary District's annual financial report presents detailed information as the context for understanding what the information in the financial statements and note disclosures says about the District's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	38 - 41
Debt Capacity This schedule presents information to help the reader assess the affordability of the District's current levels of outstanding debt.	42

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant fiscal year.

Mahoning Valley Sanitary District
Net Position by Component
Last Ten Fiscal Years
(Modified Cash Basis)

	2015	2014	2013	2012
Restricted for:				
Debt Service	\$5,083,707	\$5,027,908	\$4,987,914	\$7,863,296
Unrestricted	32,310,788	29,874,355	26,509,280	19,482,370
<i>Total Net Position</i>	<u>\$37,394,495</u>	<u>\$34,902,263</u>	<u>\$31,497,194</u>	<u>\$27,345,666</u>

Source: District Financial Records

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$6,709,955	\$7,784,814	\$6,850,823	\$7,658,062	\$7,621,004	\$7,406,606
<u>14,642,321</u>	<u>10,073,591</u>	<u>7,234,548</u>	<u>5,374,509</u>	<u>4,502,876</u>	<u>3,959,893</u>
<u>\$21,352,276</u>	<u>\$17,858,405</u>	<u>\$14,085,371</u>	<u>\$13,032,571</u>	<u>\$12,123,880</u>	<u>\$11,366,499</u>

Mahoning Valley Sanitary District
Changes in Net Position
Last Ten Fiscal Years
(modified cash basis of accounting)

	2015	2014	2013	2012
Operating Revenues				
Charges for Services	\$16,676,129	\$16,775,182	\$16,696,622	\$14,859,264
Special Assessments	1,726,925	1,720,981	1,731,962	1,730,613
Miscellaneous	2,867	1,028	6,702	6,608
<i>Total Operating Revenues</i>	<u>18,405,921</u>	<u>18,497,191</u>	<u>18,435,286</u>	<u>16,596,485</u>
Operating Expenses				
Personal Services	3,893,257	4,171,589	4,133,826	3,882,473
Supplies and Services	3,514,541	3,069,233	2,897,254	2,604,861
Contractual Services	0	0	0	0
Materials and Supplies	0	0	0	0
Reduction in Reserve Required	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Operating Expenses</i>	<u>7,407,798</u>	<u>7,240,822</u>	<u>7,031,080</u>	<u>6,487,334</u>
<i>Operating Income (Loss)</i>	<u>10,998,123</u>	<u>11,256,369</u>	<u>11,404,206</u>	<u>10,109,151</u>
Non-Operating Revenues (Expenses)				
Timber Sales	145,667	75,000	0	0
Royalties	53,429	77,799	63,231	85,670
Miscellaneous - Non-Operating Revenue	25,073	31,383	2,540	1,914
Miscellaneous - Non-Operating Expense	(79,261)	(88,892)	(27,538)	(32,831)
Capital Outlay:				
Equipment - Non-Operating Expense	(534,060)	(406,056)	(317,294)	(309,531)
Capital Outlay - Non-Operating Expense	(1,334,899)	(960,433)	(1,104,465)	(2,906,552)
EPA/OWDA Funds Disbursed	(6,619,656)	(4,401,938)	(7,845,482)	(11,721,146)
Redemption of Principal	(5,575,642)	(5,365,562)	(4,866,151)	(2,448,113)
Interest and Fiscal Charges	(1,383,311)	(1,512,335)	(1,350,795)	(960,160)
Proceeds of EPA/OWDA Loan	6,782,922	4,401,938	7,845,482	11,721,146
Bond Issuance Costs	0	0	0	0
Refunding Bonds Issued	0	0	0	0
Premium on Refunding Bonds Issued	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Investment Earnings	13,847	5,700	3,135	8,730
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(8,505,891)</u>	<u>(8,143,396)</u>	<u>(7,597,337)</u>	<u>(6,560,873)</u>
<i>Income (Loss) before Capital Contributions and Special Items</i>	2,492,232	3,112,973	3,806,869	3,548,278
Capital Contributions	0	292,096	344,659	2,445,112
Special Item - Lawsuit Settlement	0	0	0	0
<i>Change in Net Position</i>	<u>\$2,492,232</u>	<u>\$3,405,069</u>	<u>\$4,151,528</u>	<u>\$5,993,390</u>

Source: District Financial Records

2011	2010	2009	2008	2007	2006
\$13,625,900	\$13,472,573	\$12,240,620	\$10,911,949	\$9,458,840	\$8,881,520
1,723,929	2,593,028	863,524	1,717,279	1,725,044	1,732,569
3,117	12,371	6,263	11,281	11,955	13,268
<u>15,352,946</u>	<u>16,077,972</u>	<u>13,110,407</u>	<u>12,640,509</u>	<u>11,195,839</u>	<u>10,627,357</u>
3,994,118	3,968,346	3,884,477	3,680,828	3,505,387	3,361,421
2,566,415	2,549,672	0	0	0	0
0	0	0	0	41,287	241,861
0	0	2,833,520	2,795,870	2,792,760	2,544,302
0	0	0	0	0	81,523
0	0	0	53,461	28,421	39,986
<u>6,560,533</u>	<u>6,518,018</u>	<u>6,717,997</u>	<u>6,530,159</u>	<u>6,367,855</u>	<u>6,269,093</u>
<u>8,792,413</u>	<u>9,559,954</u>	<u>6,392,410</u>	<u>6,110,350</u>	<u>4,827,984</u>	<u>4,358,264</u>
0	0	0	62,880	61,192	48,733
99,744	113,384	238,903	164,992	107,497	196,158
4,809	0	34,320	95,606	0	50,766
(117,199)	(55,976)	(51,105)	0	0	(8,956)
(372,059)	(193,789)	(594,890)	0	0	(7,725)
(3,048,944)	(868,581)	0	(884,102)	(705,234)	(572,156)
(2,067,461)	(888,779)	(954,451)	(1,653,821)	(2,157,971)	(5,651,603)
(1,419,153)	(3,262,868)	(3,121,403)	(2,955,500)	(2,618,711)	(2,235,000)
(936,187)	(1,940,988)	(2,097,639)	(2,252,927)	(1,984,999)	(2,008,108)
2,067,461	888,779	954,451	1,653,821	2,157,971	5,651,603
(450,802)	0	0	0	0	0
27,030,000	0	0	0	0	0
247,734	0	0	0	0	0
(28,982,233)	0	0	0	0	0
<u>12,823</u>	<u>25,923</u>	<u>93,887</u>	<u>408,295</u>	<u>509,194</u>	<u>379,598</u>
<u>(7,931,467)</u>	<u>(6,182,895)</u>	<u>(5,497,927)</u>	<u>(5,360,756)</u>	<u>(4,631,061)</u>	<u>(4,156,690)</u>
860,946	3,377,059	894,483	749,594	196,923	201,574
2,632,925	395,975	158,317	159,097	560,458	415,210
0	0	0	0	0	(69,500)
<u>\$3,493,871</u>	<u>\$3,773,034</u>	<u>\$1,052,800</u>	<u>\$908,691</u>	<u>\$757,381</u>	<u>\$547,284</u>

Mahoning Valley Sanitary District
Outstanding Long-term Debt Obligations by Type
Last Ten Fiscal Years
(Modified Cash Basis)

Fiscal Year	General Obligation Bonds	Water Revenue Bonds	EPA/ OWDA Loans
2015	\$0	\$13,225,566	\$39,304,045
2014	0	17,120,000	34,028,544
2013	0	20,934,433	31,167,469
2012	0	24,693,866	24,297,714
2011	0	26,473,300	13,127,993
2010	9,965,000	18,480,000	11,665,403
2009	11,150,000	20,025,000	11,280,522
2008	12,285,000	21,475,000	10,853,574
2007	13,355,000	22,845,000	9,703,188
2006	14,415,000	24,145,000	7,751,300

Source: District Financial Records



Dave Yost • Auditor of State

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

Mahoning Valley Sanitary District
Trumbull County
P.O. Box 4119
Youngstown, Ohio 44515

To the Board of Directors:

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 business-type activities, of the Mahoning Valley Sanitary District, Trumbull County, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 30, 2015, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001

www.ohioauditor.gov

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

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

Dave Yost
Auditor of State
Columbus, Ohio

November 30, 2015



Dave Yost • Auditor of State

MAHONING VALLEY SANITARY DISTRICT

TRUMBULL 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 29, 2015**