



Dave Yost • Auditor of State



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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2016, 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*.

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, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

December 2, 2016

Mahoning Valley Sanitary District, Ohio

**For the Fiscal Year Ended June 30, 2016
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, 2016

Issued by:

Department of Finance and Administration

Alan Tatalovich, CPA
Secretary/Treasurer

Introductory Section

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Mahoning Valley Sanitary District, Ohio
Annual Financial Report
For the Fiscal Year Ended June 30, 2016
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STATE OF OHIO
THE MAHONING VALLEY SANITARY DISTRICT

December 2, 2016

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, 2016. 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, 2016. 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 supply is treated using state of the art settling technology and equipment to deliver, pure, safe, clear, sparkling, soft, potable water to its member cities Youngstown, Niles and the Village of McDonald. These member cities will distribute our treated water to many surrounding towns, cities, and villages in the Mahoning Valley which total approximately 225,000 end users.

The District's Board of Directors consists of four members, two from the City of Youngstown and two from the City of Niles. Rufus G. Hudson served as President of the Board for the fiscal year 2016. Other Board members include; Richard K. Hale, Niles City Council appointment; Matthew J. Blair, City of Niles mayoral 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 made key upper management changes during the last fiscal year by re-hiring a former professional engineer to be the District's Chief Engineer and creating a new position of Plant Operations Manager to further strengthen operations supervision. 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. Contract negotiations were ongoing at June 30, 2016 as the Board by resolution extended the contract for several months to allow for discussion and resolving of labor issues that include wages and health benefits as major points of contention. 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 job positions 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. At fiscal year end June 30, 2016, the SCADA system has not been fully implemented as to the control of the pumping process. Therefore, a Board decision regarding the job positions to be abolished and what positions those employees may be qualified and capable to perform at the District has yet to be formally communicated to AFSCME Local 1649. The District has been diligently following the current Collective Bargaining Agreement language as it has been discussing its intention with Union officials to abolish four union job positions.

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 and the District was able to enter into very favorable contracts for natural gas and electricity the last two fiscal years. Whether or not the gas and oil fracking industry makes significant contributions to the global supply of gas and oil in the near future remains an unknown factor. Market forces and political forces will most likely determine the extent of the volatility in this market and how this will affect natural gas cost in the future. Budgeting for energy costs will continue to present management with a more complex set of factors to determine energy costs for producing potable water.

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.

The Ohio Revised Code section 6115.01 through 6115.79 provides the orderly mechanism for the District to establish and receive the revenue stream that will provide for daily operating needs and maintaining the facility's buildings and process equipment through capital improvements. The Board and management review and update 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 implementation and ongoing use and modification of our five year financial model has been the essential tool to provide non-biased legitimate and useful information to all stakeholders and receive a most important positive feedback and acceptance from those decision makers. The Mahoning Valley population in the service area which the District has provided potable water for 86 years has become significantly smaller. The belief of all stakeholders that the District water plant be maintained at a level of excellence in all areas of production and management will provide serious and meaningful deliberations in all years going forward.

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)

	2016	2015	Change
Assets			
Cash and Cash Equivalents	\$34,612,770	\$32,310,788	\$2,301,982
Restricted Assets - Cash and Cash Equivalents with Trustee	5,130,975	5,083,707	47,268
Total Assets	\$39,743,745	\$37,394,495	\$2,349,250
Net Position			
Restricted for:			
Debt Service	\$5,130,975	\$5,083,707	\$47,268
Unrestricted	34,612,770	32,310,788	2,301,982
Total Net Position	\$39,743,745	\$37,394,495	\$2,349,250

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)

	2016	2015	Change
Operating Revenues			
Charges for Services	\$17,879,403	\$16,676,129	\$1,203,274
Special Assessments	867,000	1,726,925	(859,925)
Miscellaneous	12,701	2,867	9,834
<i>Total Operating Revenues</i>	<u>18,759,104</u>	<u>18,405,921</u>	<u>353,183</u>
Operating Expenses			
Personal Services	4,195,167	3,893,257	(301,910)
Supplies and Services	3,452,949	3,514,541	61,592
<i>Total Operating Expenses</i>	<u>7,648,116</u>	<u>7,407,798</u>	<u>(240,318)</u>
<i>Operating Income (Loss)</i>	<u>11,110,988</u>	<u>10,998,123</u>	<u>112,865</u>
Non-Operating Revenues (Expenses)			
Timber Sales	100,000	145,667	(45,667)
Royalties	15,789	53,429	(37,640)
Miscellaneous - Non-Operating Revenue	32,437	25,073	7,364
Miscellaneous - Non-Operating Expense	(61,838)	(79,261)	17,423
Capital Outlay:			
Equipment - Non-Operating Expense	(404,611)	(534,060)	129,449
Capital Outlay - Non-Operating Expense	(1,532,375)	(1,334,899)	(197,476)
EPA/OWDA Funds Disbursed	(1,139,599)	(6,619,656)	5,480,057
Redemption of Principal	(5,883,047)	(5,575,642)	(307,405)
Interest and Fiscal Charges	(1,295,884)	(1,383,311)	87,427
Proceeds of EPA/OWDA Loan	1,139,599	6,782,922	(5,643,323)
Investment Earnings	3,896	13,847	(9,951)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(9,025,633)</u>	<u>(8,505,891)</u>	<u>(519,742)</u>
<i>Income (Loss) before Capital Contributions</i>	<u>2,085,355</u>	<u>2,492,232</u>	<u>(406,877)</u>
Capital Contributions	263,895	0	263,895
<i>Change in Net Position</i>	<u>2,349,250</u>	<u>2,492,232</u>	<u>(142,982)</u>
<i>Net Position Beginning of Year</i>	<u>37,394,495</u>	<u>34,902,263</u>	<u>2,492,232</u>
<i>Net Position End of Year</i>	<u>\$39,743,745</u>	<u>\$37,394,495</u>	<u>\$2,349,250</u>

Operating revenues represent the vast majority of total receipts and are primarily user charges and assessments for services provided. Charges for services revenue increased in fiscal year 2016 due to increases in the fixed variable rate structure over a three year period ending June 30, 2016. Special assessments decreased due to the special assessment levy expiring at the end of calendar year 2015. Operating expenses increased as a result of higher employee salaries and benefits costs.

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 2016. 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 two additional funds identified as the Bond Retirement fund and the Internal Service fund to provide additional information in the form of sub-account funds. 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, 2016, the stand-alone enterprise fund reported net position of \$39,743,745. 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, 2016 the District had \$9,150,000 in outstanding bonds payable and \$38,747,572 in outstanding OWDA loans payable. The District paid \$3,975,000 in principal on bonds and \$1,908,047 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. Several loans including the Solids Contact Clarifier/Recarbonation loan, the Phase II Valve/Pipeline Replacement Project loan, the Chemical Feed Improvements Design Project loan, the Berlin Pump Station Improvements Design Project loan, the SCADA/Instrumentation/Enhanced Security Improvements Project loan, the Dam/Spillway Improvement Design loan and the Phase III Valve Improvement Design 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, 2016.

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. The current rate for water produced and delivered to our member cities as set by the Court of Jurisdiction in July 2013 remains in force and based on current revenues and expenses will remain in effect for fiscal year 2017. Annual review of the financial model will determine if any rate increases will be presented to the member cities in the future.

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 reaching a high about 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, 2016. The District, over the last ten years, has had to be aggressive in its capital improvement projects. Our facility was built 90 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. The major player for economic development in our area is the Youngstown/Warren Regional Chamber of Commerce. This organization points to itself as the "single point of contact for business services". This organization provides much of the information for our area regarding potential economic growth. The Chamber has been a strong advocate of shale gas and oil exploration. There had been high expectations in our area that shale gas exploration and drilling would bring long term economic growth to the Mahoning Valley. The high expectations for shale gas "fracking" have not progressed as well as anticipated. Many local operations have ceased fracking operations which may well indicate that shale gas exploration in the future is quite uncertain. 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 has confirmed that oil and gas exploration in our area will have zero growth in the near term.

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 our member cities. The current rate structure went into effect July 1, 2013 for a three year period ending June 30, 2016. The Board of Directors of the District after review of the financial plan determined that no rate increase would be needed at the conclusion of the three year rate term. The current rate schedule memorialized on July 1, 2013 shall remain in effect until the Board would petition the Court of Jurisdiction through a rate modification resolution seeking a change in the rate charged for potable water. 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 five year plan's core premises are now being reviewed and analyzed by the Board and management. The District sees probable designation of critical non-discretionary capital improvement to the very important Dam & Spillway project that has been an integral part of the financial model and planned improvements. Current engineering analysis provided is now being fully vetted by the Board and management. The cost of this project as estimated by a comprehensive conceptual design provided by the Engineering firm for this improvement project has presented the District with a steep

challenge to fund the project in its entirety. Even though the District's net position is very favorable the enormity of the Dam and Spillway Project has shown that it may be very difficult to prepare for unsuspected Capital Improvement necessities. Fiscal year 2017 should prove very interesting as to how the District will be able to solve just how to fund and set a time line to start and then complete this very difficult project.

The District has at fiscal year-end 2016 nearly completed the SCADA system that was begun in fiscal year 2013. Early projections for this project's completion have not been met but one small obstacle remains which is setting up specific system alarms for District operating personnel that will implement additional technology to help in the monitoring process. The alarm process is now nearing completion so with confidence the District can say the SCADA system will be fully operational in fiscal year 2017. The total project estimate was \$3,654,000 with the projected total cost to be \$60,000 under budget. Throughout the fiscal year the District prioritizes major maintenance type projects and fleet purchases 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; Trailer for heavy equipment transport, \$15,065; Ammonia feed system replacement, \$28,666; Culvert pipe replacement and fencing materials to improve perimeter reservoir appearance and safety, \$99,366; Technical purification process consultant, \$6,000; Turbidimeter sensor assemblies, \$40,408; THM analyzer (process control), \$39,698; Heating units and painting project in Chemical building, \$63,790; Administration exterior building repairs, \$27,160; Coagulant Feed System, \$594,000. The Board also appropriated funds in the amount of \$31,584 for additional 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. The previous examples show that some events in an entities' ongoing operation cannot be budgeted but require commitment by the governing body to use available funds as the circumstances arise to continually maintain and improve that facility. 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. As of this date the bubble funds have been awarded to the District and the project is in the bidding phase and will begin construction in the near future. One additional OPWC project grant was applied for in the fiscal year entitled Potassium Permanganate Chemical Feed System Improvements which has been approved in the grant amount of \$159,457. The District's funding share on this project is more than some projects in the past at \$231,000.

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 (a very important part of this process), the grants are distributed to entities whose projects top the list according to established parameters. The District will continue to seek Issue II funding for necessary projects that are

best accomplished using this type of financial assistance and the expenditure of unrestricted funds by Board resolution. 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 has at this date two OPWC grant projects approved and has already submitted to OPWC a grant funding request for approval at July 1, 2017. OPWC partial 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 provides complete transparency of our financial and capital improvement operations. As a result these tools help us provide the essential revenue stream that allows our 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 third 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 2015 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, 2016

APPOINTED OFFICIALS

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

MATTHEW J. BLAIR
RICHARD K. HALE

CITY OF YOUNGSTOWN, MAYORAL APPOINTMENT
CITY OF YOUNGSTOWN, COUNCIL APPOINTMENT

JAMAEL T. BROWN
RUFUS G. HUDSON

ADMINISTRATIVE STAFF

CHIEF ENGINEER
SECRETARY/TREASURER

THOMAS F. HOLLOWAY
ALAN TATALOVICH

PLANT OPERATIONS MANAGER
SUPERINTENDENT OF PURIFICATION
CHIEF OF OPERATIONS

ANTHONY VIGORITO
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

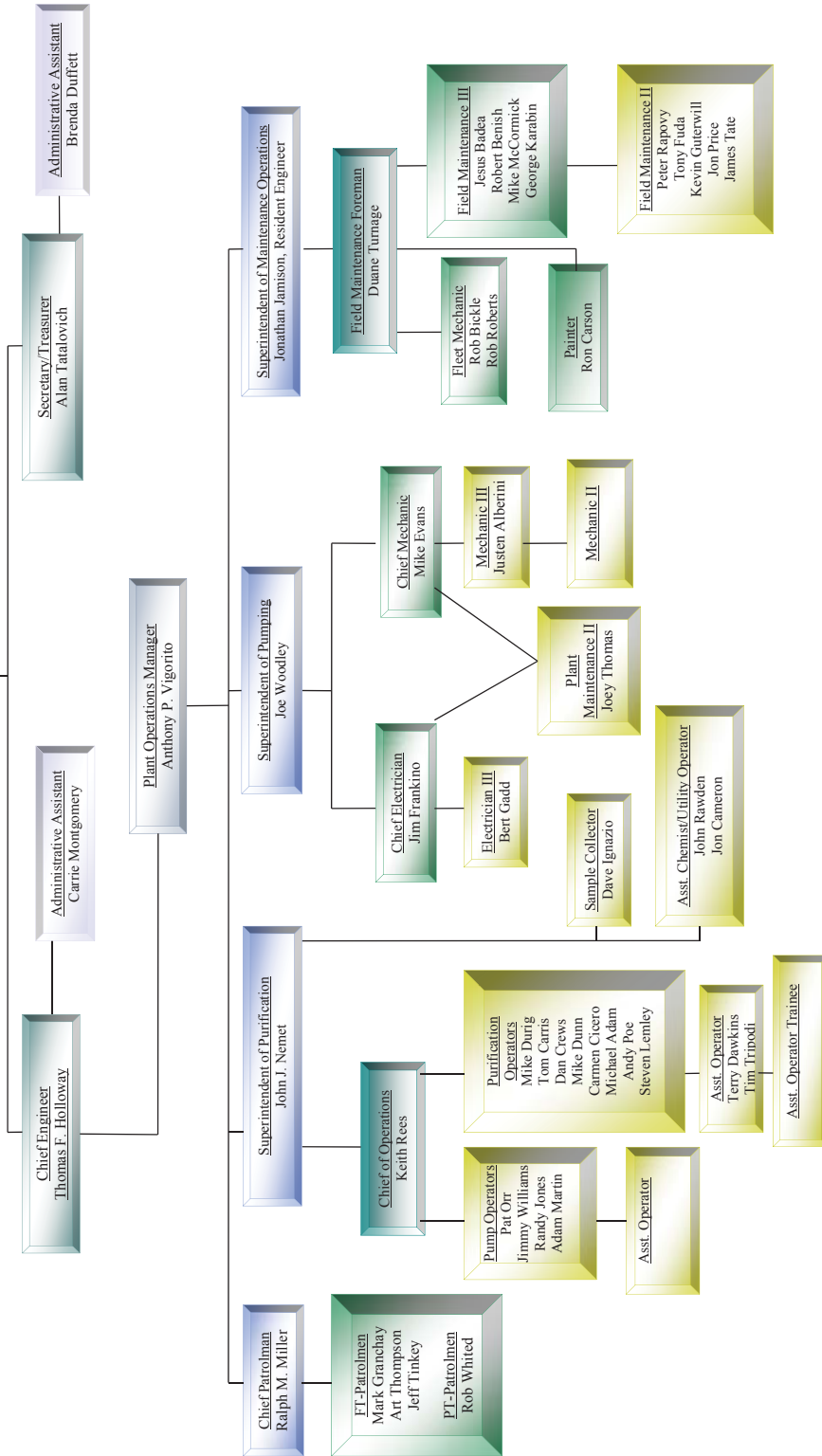
MVSD Organizational Chart 2015-2016



COURTS OF JURISDICTION

Legal Counsel
Thomas J. Wilson

Board of Directors
Rudus Hudson - YGN
Jamael Brown - YGN
Matthew Blair - Niles
Richard K. Hale - Niles





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, 2015

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 modified cash-basis 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, 2016, 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, 2016, and the respective changes in modified cash financial position and where applicable, 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

Our audit was conducted to opine on the financial statements taken as a whole.

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 37-42 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 December 2, 2016, 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

December 2, 2016

Mahoning Valley Sanitary District

Statement of Net Position

June 30, 2016

(Modified Cash Basis)

Current Assets	
Cash and Cash Equivalents	\$34,612,770
Restricted Assets - Cash and Cash Equivalents with Trustee	<u>5,130,975</u>
<i>Total Assets</i>	<u><u>\$39,743,745</u></u>
Net Position	
Restricted for:	
Debt Service	\$5,130,975
Unrestricted	<u>34,612,770</u>
<i>Total Net Position</i>	<u><u>\$39,743,745</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, 2016
(Modified Cash Basis)*

Operating Revenues	
Charges for Services	\$17,879,403
Special Assessments	867,000
Miscellaneous	12,701
	<u>18,759,104</u>
 Operating Expenses	
Personal Services	4,195,167
Supplies and Services	3,452,949
	<u>7,648,116</u>
<i>Total Operating Revenues</i>	<u>18,759,104</u>
 <i>Operating Income (Loss)</i>	 <u>11,110,988</u>
 Non-Operating Revenues (Expenses)	
Timber Sales	100,000
Royalties	15,789
Miscellaneous - Non Operating Revenue	32,437
Miscellaneous - Non Operating Expense	(61,838)
Capital Outlay:	
Equipment - Non Operating Expense	(404,611)
Capital Outlay - Non Operating Expense	(1,532,375)
EPA/OWDA Funds Disbursed	(1,139,599)
Redemption of Principal	(5,883,047)
Interest and Fiscal Charges	(1,295,884)
Proceeds of EPA/OWDA Loan	1,139,599
Investment Earnings	3,896
	<u>(9,025,633)</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(9,025,633)</u>
 <i>Income (Loss) before Capital Contributions</i>	 2,085,355
 Capital Contributions	 263,895
	<u>2,349,250</u>
<i>Change in Net Position</i>	<u>2,349,250</u>
 <i>Net Position Beginning of Year</i>	 <u>37,394,495</u>
 <i>Net Position End of Year</i>	 <u>\$39,743,745</u>

See accompanying notes to the basic financial statements

Mahoning Valley Sanitary District
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016
(Modified Cash Basis)

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities

Cash Received from Customers	\$17,879,403
Cash Received from Assessments	867,000
Cash Received from Timber Sales	100,000
Cash Received from Royalties	15,789
Other Cash Received	45,138
Cash Payments to Employees for Services	(4,195,167)
Cash Payments to Suppliers for Goods and Services	(3,452,949)
Other Cash Payments	(61,838)

Net Cash Provided by (Used for) Operating Activities 11,197,376

Cash Flows from Capital and Related Financing Activities

Capital Contributions	263,895
Proceeds of EPA/OWDA Loan	1,139,599
Redemption of Principal - Water Revenue Bonds	(3,975,000)
Interest and Fiscal Charges - Water Revenue Bonds	(335,793)
Redemption of Principal - EPA/OWDA Loans	(1,908,047)
Interest and Fiscal Charges - EPA/OWDA Loans	(960,091)
Acquisition of Capital Assets	(3,076,585)

Net Cash Provided by (Used for) Capital and Related Financing Activities (8,852,022)

Cash Flows from Investing Activities

Interest on Investments	<u>3,896</u>
-------------------------	--------------

Net Increase (Decrease) in Cash and Cash Equivalents 2,349,250

Cash and Cash Equivalents Beginning of Year 37,394,495

Cash and Cash Equivalents End of Year \$39,743,745

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

Operating Income (Loss)	\$11,110,988
Adjustment:	
Non-Operating Revenues (Expenses):	
Timber Sales	100,000
Royalties	15,789
Other Non-Operating Cash Received	32,437
Other Non-Operating Cash Payments	(61,838)

Net Cash Provided by (Used for) Operating Activities \$11,197,376

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, 2016

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, 2016

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 2016, investments were limited to federated 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, 2016

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.

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.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 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, and with certain limitations bonds and other obligations of political subdivisions 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 40 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.

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.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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, \$34,146,561 of the District's bank balance of \$34,646,561 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

The District reports their investments at cost. The fair value of these investments is not materially different than cost. As of June 30, 2016, the District had an investment in federated treasury money market accounts with a cost and fair value of \$5,130,975 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, 2016.

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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 2016, the District contracted with Love Insurance for various types of insurance coverage as follows:

Type	Coverage	Deductible
Property/Inland Marine	\$186,100,000	\$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. The District provides these benefits through a partially self-funded medical and drug benefits program. The district provides hospitalization and drug benefit coverage as outlined in the ERISA document provided to all employees which includes the Summary of Benefits and Coverage of our named plan, the Mahoning Valley Sanitary District Employee Benefits Plan. Medical Mutual of Ohio is 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 average monthly cost per covered employee for stop loss protection and administration of claims is \$315. The yearly premium for stop loss coverage and claims administration is \$187,999.

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 participate 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 with defined contribution features. While members (e.g. District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension 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, 2016

supplementary information and detailed information about OPERS' 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 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. 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 as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
FY 2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
FY 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

The District's required contributions for pension obligations to the Traditional Pension and Combined Plans for the fiscal years ended June 30, 2016, 2015 and 2014 were \$328,095, \$320,327 and \$344,598, respectively; 88.83 percent has been contributed for fiscal year 2016 and 100 percent for fiscal years 2015 and 2014. There were no contributions to the member-directed plan for 2016.

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 two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml> by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their 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 earnable salary of active members. In fiscal year 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. During fiscal year 2016, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

2.0 percent. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The District's contribution allocated to fund postemployment health care benefits for the fiscal years ended June 30, 2016, 2015 and 2014 was \$54,683, \$53,388 and \$41,352, respectively. For fiscal year 2016, 88.83 percent has been contributed. The full amount has been contributed for 2015 and 2014.

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%	4,780,852	2037
Chemical Feed Improvements Design	2.00%	708,567	2020
Berlin Pump Station Improvements	2.00%	2,528,690	2037
SCADA/Instrumentation Improvements	2.94%	661,639	2036
SCADA/Enhanced Security Improvements	4.32%	3,211,796	2036
Dam/Spillway Improvement Design	4.45%	350,809	2020
Phase III Valve Improvement Design	4.45%	250,369	2020

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

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

	Balance 06/30/15	Additions	Reductions	Balance 06/30/16	Amounts Due in One Year
Business-Type Activities					
<i>Water Revenue Bonds</i>					
Series 2010, Refunding	\$13,125,000	\$0	(\$3,975,000)	\$9,150,000	\$4,065,000
Premium	100,566	0	(29,434)	71,132	0
<i>Total Revenue Bonds</i>	<u>13,225,566</u>	<u>0</u>	<u>(4,004,434)</u>	<u>9,221,132</u>	<u>4,065,000</u>
<i>EPA/OWDA Loans</i>					
Filter System Improvement	4,310,250	0	(348,818)	3,961,432	360,601
Niles Standpipe Replacement	876,774	0	(60,815)	815,959	62,808
Chemical Feed Building Roof	1,086,646	0	(75,373)	1,011,273	77,842
Administration and Filter Building Roof	219,016	0	(13,418)	205,598	14,025
WTP Lagoon Maintenance	535,516	0	(172,592)	362,924	178,439
Valve Replacement/Gate House	1,928,598	0	(124,426)	1,804,172	124,425
Solids Contact Clarifier/Recarbonation	13,074,609	0	(536,886)	12,537,723	0
Solid Clarifiers/Recarbonation	7,165,247	0	(345,704)	6,819,543	352,654
Phase II Valve/Pipeline Replacement	3,427,211	857,186	0	4,284,397	0
Chemical Feed Improvements Design	544,055	9,977	(137,491)	416,541	0
Berlin Pump Station Improvements	2,144,491	197,535	0	2,342,026	0
SCADA/Instrumentation Improvements	603,176	8,543	(12,270)	599,449	0
SCADA/Enhanced Security Improvements	3,086,848	99,868	(51,354)	3,135,362	0
Dam/Spillway Improvement Design	236,324	10,105	(16,758)	229,671	0
Phase III Valve Improvement Design	65,284	168,360	(12,142)	221,502	0
<i>Total EPA/OWDA Loans</i>	<u>39,304,045</u>	<u>1,351,574</u>	<u>(1,908,047)</u>	<u>38,747,572</u>	<u>1,170,794</u>
Total Business-Type Activities	<u>\$52,529,611</u>	<u>\$1,351,574</u>	<u>(\$5,912,481)</u>	<u>\$47,968,704</u>	<u>\$5,235,794</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 District decreased its total debt service payments by \$3,476,809 as a result of the refunding. The District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$3,348,796. 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 \$5,130,975. The District also internally maintains an operating reserve account of \$1,379,133 and a rate stabilization account of \$1,197,506. 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

Mahoning Valley Sanitary District

Trumbull County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

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, 2016, would have been \$154,255.

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 35.78 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$9,525,787. Principal and interest paid for the current year and total net revenues were \$4,310,793 and \$11,110,988, 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, 2016, the District has drawn down proceeds of \$14,073,470. 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 \$4,780,852 Ohio Water Development Authority loan for the Phase II Valve/Pipeline Replacement project. As of June 30, 2016, the District has drawn down proceeds of \$4,156,660. Total current year additions of \$857,186 consisted of proceeds of \$779,125 and capitalized interest of \$78,061. 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, 2016

The District was approved for a \$708,567 Ohio Water Development Authority loan for the Chemical Feed Improvements Design project. As of June 30, 2016, the District has drawn down proceeds of \$605,971. Total current year additions consisted of proceeds of \$9,977. 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.

The District was approved for a \$2,528,690 Ohio Water Development Authority loan for the Berlin Pump Station Improvements project. As of June 30, 2016, the District has drawn down proceeds of \$2,263,102. Total current year additions of \$197,535 consisted of proceeds of \$153,767 and capitalized interest of \$43,768. 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 \$661,639 Ohio Water Development Authority loan for the SCADA/Instrumentation Improvements project. As of June 30, 2016, the District has drawn down proceeds of \$576,264. Total current year additions consisted of capitalized interest of \$8,543. 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.

The District was approved for a \$3,211,796 Ohio Water Development Authority loan for the SCADA/Enhanced Security Improvements project. As of June 30, 2016, the District has drawn down proceeds of \$3,015,525. Total current year additions of \$99,868 consisted of proceeds of \$34,500 and capitalized interest of \$65,368. 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.

The District was approved for a \$350,809 Ohio Water Development Authority loan for the Dam/Spillway Improvement Design project. As of June 30, 2016, the District has drawn down proceeds of \$239,169. Total current year additions consisted of capitalized interest of \$10,105. 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.

The District was approved for a \$250,369 Ohio Water Development Authority loan for the Phase III Valve Improvement Design project. As of June 30, 2016, the District has drawn down proceeds of \$232,193. Total current year additions of \$168,360 consisted of proceeds of \$162,230 and capitalized interest of \$6,130. 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.

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

	EPA/OWDA Loans
Outstanding Principal at June 30, 2015	\$39,304,045
Current Fiscal Year Loan Proceeds	1,139,599
Current Fiscal Year Capitalized Interest	211,975
Current Fiscal Year Principal Payments	(1,908,047)
Outstanding Principal at June 30, 2016	\$38,747,572

Mahoning Valley Sanitary District
Trumbull County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2016 are as follows:

	Water Revenue		OWDA	
	Bonds		Loans	
	Principal	Interest	Principal	Interest
2017	\$4,065,000	\$222,112	\$1,170,794	\$342,344
2018	2,505,000	114,975	1,201,351	311,787
2019	2,580,000	38,700	1,042,113	281,879
2020	0	0	1,068,115	255,876
2021	0	0	1,094,896	229,096
2022 - 2026	0	0	5,660,138	714,662
2027 - 2031	0	0	3,026,938	202,916
2032 - 2033	0	0	716,556	14,378
Total	<u>\$9,150,000</u>	<u>\$375,787</u>	<u>\$14,980,901</u>	<u>\$2,352,938</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, which remained in place as of June 30, 2016, 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, 2016

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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)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Restricted for:				
Debt Service	\$5,130,975	\$5,083,707	\$5,027,908	\$4,987,914
Unrestricted	<u>34,612,770</u>	<u>32,310,788</u>	<u>29,874,355</u>	<u>26,509,280</u>
<i>Total Net Position</i>	<u><u>\$39,743,745</u></u>	<u><u>\$37,394,495</u></u>	<u><u>\$34,902,263</u></u>	<u><u>\$31,497,194</u></u>

Source: District Financial Records

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$7,863,296	\$6,709,955	\$7,784,814	\$6,850,823	\$7,658,062	\$7,621,004
<u>19,482,370</u>	<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>\$27,345,666</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>

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

	2016	2015	2014	2013
Operating Revenues				
Charges for Services	\$17,879,403	\$16,676,129	\$16,775,182	\$16,696,622
Special Assessments	867,000	1,726,925	1,720,981	1,731,962
Miscellaneous	12,701	2,867	1,028	6,702
<i>Total Operating Revenues</i>	<u>18,759,104</u>	<u>18,405,921</u>	<u>18,497,191</u>	<u>18,435,286</u>
Operating Expenses				
Personal Services	4,195,167	3,893,257	4,171,589	4,133,826
Supplies and Services	3,452,949	3,514,541	3,069,233	2,897,254
Contractual Services	0	0	0	0
Materials and Supplies	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Operating Expenses</i>	<u>7,648,116</u>	<u>7,407,798</u>	<u>7,240,822</u>	<u>7,031,080</u>
<i>Operating Income (Loss)</i>	<u>11,110,988</u>	<u>10,998,123</u>	<u>11,256,369</u>	<u>11,404,206</u>
Non-Operating Revenues (Expenses)				
Timber Sales	100,000	145,667	75,000	0
Royalties	15,789	53,429	77,799	63,231
Miscellaneous - Non-Operating Revenue	32,437	25,073	31,383	2,540
Miscellaneous - Non-Operating Expense	(61,838)	(79,261)	(88,892)	(27,538)
Capital Outlay:				
Equipment - Non-Operating Expense	(404,611)	(534,060)	(406,056)	(317,294)
Capital Outlay - Non-Operating Expense	(1,532,375)	(1,334,899)	(960,433)	(1,104,465)
EPA/OWDA Funds Disbursed	(1,139,599)	(6,619,656)	(4,401,938)	(7,845,482)
Redemption of Principal	(5,883,047)	(5,575,642)	(5,365,562)	(4,866,151)
Interest and Fiscal Charges	(1,295,884)	(1,383,311)	(1,512,335)	(1,350,795)
Proceeds of EPA/OWDA Loan	1,139,599	6,782,922	4,401,938	7,845,482
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	3,896	13,847	5,700	3,135
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(9,025,633)</u>	<u>(8,505,891)</u>	<u>(8,143,396)</u>	<u>(7,597,337)</u>
<i>Income (Loss) before Capital Contributions</i>	2,085,355	2,492,232	3,112,973	3,806,869
Capital Contributions	263,895	0	292,096	344,659
<i>Change in Net Position</i>	<u>\$2,349,250</u>	<u>\$2,492,232</u>	<u>\$3,405,069</u>	<u>\$4,151,528</u>

Source: District Financial Records

2012	2011	2010	2009	2008	2007
\$14,859,264	\$13,625,900	\$13,472,573	\$12,240,620	\$10,911,949	\$9,458,840
1,730,613	1,723,929	2,593,028	863,524	1,717,279	1,725,044
6,608	3,117	12,371	6,263	11,281	11,955
16,596,485	15,352,946	16,077,972	13,110,407	12,640,509	11,195,839
3,882,473	3,994,118	3,968,346	3,884,477	3,680,828	3,505,387
2,604,861	2,566,415	2,549,672	0	0	0
0	0	0	0	0	41,287
0	0	0	2,833,520	2,795,870	2,792,760
0	0	0	0	53,461	28,421
6,487,334	6,560,533	6,518,018	6,717,997	6,530,159	6,367,855
10,109,151	8,792,413	9,559,954	6,392,410	6,110,350	4,827,984
0	0	0	0	62,880	61,192
85,670	99,744	113,384	238,903	164,992	107,497
1,914	4,809	0	34,320	95,606	0
(32,831)	(117,199)	(55,976)	(51,105)	0	0
(309,531)	(372,059)	(193,789)	(594,890)	0	0
(2,906,552)	(3,048,944)	(868,581)	0	(884,102)	(705,234)
(11,721,146)	(2,067,461)	(888,779)	(954,451)	(1,653,821)	(2,157,971)
(2,448,113)	(1,419,153)	(3,262,868)	(3,121,403)	(2,955,500)	(2,618,711)
(960,160)	(936,187)	(1,940,988)	(2,097,639)	(2,252,927)	(1,984,999)
11,721,146	2,067,461	888,779	954,451	1,653,821	2,157,971
0	(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
8,730	12,823	25,923	93,887	408,295	509,194
(6,560,873)	(7,931,467)	(6,182,895)	(5,497,927)	(5,360,756)	(4,631,061)
3,548,278	860,946	3,377,059	894,483	749,594	196,923
2,445,112	2,632,925	395,975	158,317	159,097	560,458
\$5,993,390	\$3,493,871	\$3,773,034	\$1,052,800	\$908,691	\$757,381

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
2016	\$0	\$9,221,132	\$38,747,572
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

Source: District Financial Records



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, 2016**