



**BOARD OF ALCOHOL, DRUG ADDICTION AND
MENTAL HEALTH SERVICES**

CRAWFORD AND MARION COUNTIES

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES**

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Alcohol, Drug Addiction and Mental Health Services
Crawford and Marion Counties
111 West Rensselaer Street
Bucyrus, Ohio 44820

To the Members of the Board:

We have audited the accompanying financial statements of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties, Ohio, (the Board) as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Board prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties, Ohio, as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2000, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Board taken as a whole. The schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the finance committee, management, the Board, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

July 12, 2000

**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$0	\$1,001,183	\$1,001,183
Intergovernmental	0	79,622	79,622
State Grants	3,538,719	0	3,538,719
Federal Grants	0	1,323,184	1,323,184
Reimbursements	50,306	0	50,306
Other Receipts	15,200	0	15,200
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	3,604,225	2,403,989	6,008,214
Cash Disbursements:			
Current:			
Salaries	179,516	39,426	218,942
Benefits	27,241	2,755	29,996
Supplies	10,776	410	11,186
Equipment	5,868	2,218	8,086
Contracts - Repair	65	1,596	1,661
Contracts - Services	2,250,767	3,034,569	5,285,336
Advertising and Printing	2,521	494	3,015
Travel	9,674	8,148	17,822
Public Employee's Retirement	27,230	5,705	32,935
Worker's Compensation	191	32	223
Communications	278	11,585	11,863
Utilities	2,606	10,956	13,562
Other	6,572	21,933	28,505
Capital Outlay	0	61,500	61,500
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	2,523,305	3,201,327	5,724,632
Total Cash Receipts Over/(Under) Cash Disbursements	1,080,920	(797,338)	283,582
Fund Cash Balances, January 1, 1999	1,404,159	1,791,822	3,195,981
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 1999	<u>\$2,485,079</u>	<u>\$994,484</u>	<u>\$3,479,563</u>
Reserves for Encumbrances, December 31, 1999	<u>\$487,903</u>	<u>\$618,956</u>	<u>\$1,106,859</u>

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

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**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties, Ohio, (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is directed by an eighteen-member Board of Trustees. Trustees are appointed by the Board's Director and the legislative authorities of the political subdivisions making up the Board. Trustees include members from those legislative authorities as well as citizens of Crawford and Marion Counties. Those subdivisions are the Ohio Department of Mental Health, the Ohio Department of Alcohol and Drug Addiction Services, and the Crawford and Marion County Commissioners. The Board provides alcohol, drug addiction and mental health services and programs to citizens of Crawford and Marion Counties. These services are provided primarily through contracts with private and public agencies.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

As required by Ohio Revised Code, the Board's cash is held and invested by the Marion County Treasurer, who acts as custodian for Board monies. The Board's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Board had the following significant Special Revenue Funds:

Crawford and Marion County Levy Funds - These funds receive property tax levy monies to provide contract services to citizens.

Title XIX Fund - This fund receives reimbursements for Medicaid disbursements.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 1999 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Board.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$3,448,825	\$3,604,225	\$155,400
Special Revenue	<u>2,300,175</u>	<u>2,403,989</u>	<u>103,814</u>
Total	<u><u>\$5,749,000</u></u>	<u><u>\$6,008,214</u></u>	<u><u>\$259,214</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$3,231,286	\$3,011,208	\$220,078
Special Revenue	<u>3,822,928</u>	<u>3,820,283</u>	<u>2,645</u>
Total	<u><u>\$7,054,214</u></u>	<u><u>\$6,831,491</u></u>	<u><u>\$222,723</u></u>

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within Crawford and Marion Counties.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The Counties are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

4. RETIREMENT SYSTEMS

The Board's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 13.55% of participants' gross salaries. The Board has paid all contributions required through December 31, 1999.

5. RISK MANAGEMENT

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Employee Dishonesty
- Directors and Officers Liability

The Board also provides health insurance and dental coverage to full-time employees through a private carrier.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

FEDERAL GRANTOR/

Pass Through Grantor

Program Title

CFDA #	Pass Through Entity Number	Disbursements
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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed through the Ohio Department of Mental Health

Social Services Block Grant	93.667	\$97,928
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Block Grant for Prevention and Treatment of Substance Abuse	93.959	92,020
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Medical Assistance Program	93.778	1,196,461
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Passed through the Ohio Department of Alcohol and Drug Addiction Services

Block Grant for Prevention and Treatment of Substance Abuse	93.959	<u>383,740</u>
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Total U.S. Department of Health and Human Services		<u><u>\$1,770,149</u></u>
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The accompanying notes to this schedule are an integral part of this schedule.

**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

NOTE 1 -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Board's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE 2 -- SUBRECIPIENTS

The Board passes-through certain Federal assistance received from the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services to other governments or not-for-profit agencies (subrecipients). As described in Note 1, the Board records expenditures of Federal awards to subrecipients when paid in cash.

For each federal program listed on the Schedule of Federal Awards Expenditures, 100% of the disbursements was passed through to subrecipients.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Board is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE 3 -- MATCHING REQUIREMENTS

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Alcohol, Drug Addiction and Mental Health Services
Crawford and Marion Counties
111 West Rensselaer Street
Bucyrus, Ohio 44820

To the Members of the Board:

We have audited the financial statements of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties, Ohio, (the Board) as of and for the year ended December 31, 1999, and have issued our report thereon dated July 12, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Board in a separate letter dated July 12, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the finance committee, management, the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

July 12, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Alcohol, Drug Addiction and Mental Health Services
Crawford and Marion Counties
111 West Rensselaer Street
Bucyrus, Ohio 44820

To the Members of the Board:

Compliance

We have audited the compliance of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties, Ohio, (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Internal Control Over Compliance
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the finance committee, management, the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



JIM PETRO
Auditor of State

July 12, 2000

**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #93.778 - Medical Assistance Program
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

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BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES

MARION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 31, 2000**