

Annual Report

A Component Unit of Franklin County, Ohio

For Fiscal Year Ended December 31, 2000





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Alcohol, Drug and Mental Health Board of Franklin County
447 E. Broad St.
Columbus, OH 43215

We have reviewed the independent auditor's report of the Alcohol, Drug and Mental Health Board of Franklin County, prepared by Crowe, Chizek and Company, for the audit period January 1, 2000 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Alcohol, Drug and Mental Health Board of Franklin County is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 25, 2001

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ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
Annual Report
December 31, 2000

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REPORT OF INDEPENDENT AUDITORS

Alcohol, Drug and Mental Health
Board of Franklin County
Columbus, Ohio

We have audited the accompanying general-purpose financial statements of the Alcohol, Drug and Mental Health Board of Franklin County (ADAMH Board), a component unit of Franklin County, as of and for the year ended December 31, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the ADAMH Board's management. Our responsibility is to express an opinion on these general-purpose 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.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the ADAMH Board, as of December 31, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2001 on our consideration of the ADAMH Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the ADAMH Board, taken as a whole. The accompanying schedule of expenditures of federal awards 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 general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in cursive script that reads "Crowe, Chizek and Company LLP".

Crowe, Chizek and Company LLP

Columbus, Ohio
May 29, 2001

ALCOHOL, DRUG AND MENTAL HEALTH BOARD
OF FRANKLIN COUNTY
BALANCE SHEETS
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2000

	Governmental Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Agency Fund	General Fixed Assets	General Long- Term Obligations	
ASSETS AND OTHER DEBITS						
ASSETS:						
Equity with County Treasurer	\$19,602,580	\$7,611,887	\$2,190,557	-	-	\$29,405,024
Accounts Receivables - Net of allowances	1,665,203	547,842	-	-	-	2,213,045
Provider Advances	2,394,908					2,394,908
Property and Other Taxes Receivable	36,835,004	-	-	-	-	36,835,004
Interfund Receivables	4,733,937	-	-	-	-	4,733,937
Due from Other Governments	234,444	10,961,007	-	-	-	11,195,451
Property and Equipment	-	-	-	\$6,482,983	-	6,482,983
OTHER DEBITS:						
Amount to be Provided for Retirement of General Long-Term Obligations	-	-	-	-	\$751,328	751,328
Total Assets and Other Debits	\$65,466,076	\$19,120,736	\$2,190,557	\$6,482,983	\$751,328	\$94,011,680
LIABILITIES, EQUITY AND OTHER CREDITS						
LIABILITIES:						
Accounts Payable	\$171,684	-	-	-	-	\$171,684
Accrued Wages Payable	108,284	-	-	-	-	108,284
Compensated Absences Payable	-	-	-	-	\$368,723	368,723
Contracts Payable	2,250,412	\$4,556,102	-	-	-	6,806,514
Liability for Unreported Claims	5,746,947	6,853,053				12,600,000
Deferred Revenue	36,835,004	2,306,073	-	-	-	39,141,077
Interfund Payables	-	4,733,937	-	-	-	4,733,937
Due to Other Governments	15,569	671,571	-	-	-	687,140
Funds Held for Others	-	-	\$2,190,557	-	-	2,190,557
Leases Payable	-	-	-	-	382,605	382,605
Total Liabilities	45,127,900	19,120,736	2,190,557	-	751,328	67,190,521
EQUITY AND OTHER CREDITS:						
Investment in General Fixed Assets				\$6,482,983		6,482,983
Unreserved Fund Balances:						
Undesignated	9,373,940	-	-	-	-	9,373,940
Designated for Risk Fund	10,964,236	-	-	-	-	10,964,236
Total Equity and Other Credits	20,338,176	-	-	6,482,983	-	26,821,159
Total Liabilities, Equity and Other Credits	\$65,466,076	\$19,120,736	\$2,190,557	\$6,482,983	\$751,328	\$94,011,680

ALCOHOL, DRUG AND MENTAL HEALTH BOARD
OF FRANKLIN COUNTY
STATEMENTS OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Totals (Memorandum Only)</u>
Revenues:			
Taxes	\$35,855,445	-	\$35,855,445
Intergovernmental	3,929,648	\$58,762,762	62,692,410
Total Revenues	<u>39,785,093</u>	<u>58,762,762</u>	<u>98,547,855</u>
Expenditures:			
Current Operations:			
Health:			
Contract Services	31,979,332	58,762,762	90,742,094
Administrative Services:			
Personal Services	3,632,288	-	3,632,288
Materials & Supplies	92,732	-	92,732
Services & Charges	1,559,401	-	1,559,401
Capital Outlay	119,205	-	119,205
Debt Service:			
Principal	47,220	-	47,220
Interest and Fiscal Charges	31,538	-	31,538
Total Expenditures	<u>37,461,716</u>	<u>58,762,762</u>	<u>96,224,478</u>
Excess of Revenues over Expenditures	2,323,377	-	2,323,377
Fund Balance at Beginning of Year - as originally reported			
	16,243,538	-	16,243,538
Prior Period Adjustment			
	<u>1,771,261</u>	<u>-</u>	<u>1,771,261</u>
Fund Balance at Beginning of Year - As Adjusted			
	<u>18,014,799</u>	<u>-</u>	<u>18,014,799</u>
Fund Balance at End of Year			
	<u>\$20,338,176</u>	<u>\$ -</u>	<u>\$20,338,176</u>

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD
OF FRANKLIN COUNTY
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES - BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General Fund			Special Revenue Funds			Total (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:									
Taxes	\$34,330,181	\$35,603,410	\$1,273,229				\$34,330,181	\$35,603,410	\$1,273,229
Intergovernmental	3,861,801	3,690,401	(171,400)	\$62,955,731	\$62,083,732	(\$871,999)	66,817,532	65,774,133	(1,043,399)
Total Revenues	<u>38,191,982</u>	<u>39,293,811</u>	<u>1,101,829</u>	<u>62,955,731</u>	<u>62,083,732</u>	<u>(871,999)</u>	<u>101,147,713</u>	<u>101,377,543</u>	<u>229,830</u>
Expenditures:									
Health	50,772,422	42,775,942	7,996,480	62,955,731	62,313,898	641,833	113,728,153	105,089,840	8,638,313
Capital Outlay	182,111	118,183	63,928	-	-	-	182,111	118,183	63,928
Debt Service	79,758	78,758	1,000	-	-	-	79,758	78,758	1,000
Total Expenditures	<u>51,034,291</u>	<u>42,972,883</u>	<u>8,061,408</u>	<u>62,955,731</u>	<u>62,313,898</u>	<u>641,833</u>	<u>113,990,022</u>	<u>105,286,781</u>	<u>8,703,241</u>
Excess of Revenues Over (Under) Expenditures	(12,842,309)	(3,679,072)	9,163,237	-	(230,166)	(230,166)	(12,842,309)	(3,909,238)	8,933,071
Other Financing Sources (Uses):									
Advances - In	-	3,740,427	3,740,427	-	4,733,937	4,733,937	-	8,474,364	8,474,364
Advances - Out	-	4,733,937	4,733,937	-	3,740,427	3,740,427	-	8,474,364	8,474,364
Total Other Financing Sources (Uses)	<u>-</u>	<u>(993,510)</u>	<u>(993,510)</u>	<u>-</u>	<u>993,510</u>	<u>993,510</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses - Budget Basis	<u>(\$12,842,309)</u>	<u>(4,672,582)</u>	<u>\$8,169,727</u>	<u>\$-</u>	<u>763,344</u>	<u>\$763,344</u>	<u>\$-</u>	<u>(3,909,238)</u>	<u>(\$3,909,238)</u>
Fund Balance at beginning of year - Budget Basis		<u>24,275,162</u>			<u>6,848,543</u>			<u>31,123,705</u>	
Fund Balance at end of year - Budget Basis		<u>\$19,602,580</u>			<u>\$7,611,887</u>			<u>\$27,214,467</u>	

See accompanying notes to the general purpose financial statements.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
Notes to the General Purpose Financial Statements
Fiscal Year Ended December 31, 2000

Note 1—Summary of Significant Accounting Policies

A. Reporting Entity

The Alcohol, Drug and Mental Health Board of Franklin County (the ADAMH Board) is a component unit of Franklin County, Ohio as defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, “The Financial Reporting Entity.” The ADAMH Board operates in accordance with Section 340 of the Ohio Revised Code. The Franklin County Commissioners appoint a majority of Board members and serve as the local levy taxing authority for the ADAMH Board. The Franklin County Auditor and the Franklin County Treasurer, which are elected positions, serve respectively as Chief Fiscal Officer and Custodian of all public funds.

The ADAMH Board serves as the planning agency in Franklin County for mental health and alcohol and other substance abuse services. It evaluates and assesses the needs for these services in Franklin County. It also receives funding from federal, state and local sources and distributes these monies to contract agencies which then provide services to those who suffer from mental illness and/or alcohol or substance abuse.

B. Basis of Presentation—Fund Accounting

The accounts of the ADAMH Board are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. Fund accounting segregates funds according to their intended purpose and can be used to demonstrate compliance with legal and contractual provisions. The operations of each fund are accounted for with a set of self-balancing accounts composed of assets, liabilities, fund equity, revenues and expenditures as appropriate. The various funds are summarized by type in the general purpose financial statements. Account groups are a reporting device used to account for certain assets and liabilities of the ADAMH Board not recorded directly in those funds.

General Fund: The general fund accounts for the ADAMH Board’s general government activities. It is the Board’s primary operating fund and accounts for all activities not recorded elsewhere.

Special Revenue Funds: Special revenue funds account for specific revenue sources that are legally restricted to expenditures for specific purposes.

Agency Funds: Agency funds account for assets held by the Board as custodian for other governments.

Account Groups:

- General Fixed Assets Group (GFAAG)—The GFAAG accounts for fixed assets of the Board.
- General Long-Term Obligation Account Group (GLTOAG)—The GLTOAG is used to account for long-term obligations of the Board.

C. Basis of Accounting

Basis of accounting relates to the timing of the recording and reporting of transactions, specifically, revenues, expenditures or transfers. Under the non-GAAP budgetary basis, revenues, expenditures and transfers are recognized when cash is received or disbursed. Under the accrual GAAP method of accounting, most transactions are recorded when they occur rather than when cash is received or disbursed. The accrual basis is applied differently to governmental and fiduciary funds because of the differences in measurement focus.

Governmental fund types are presented using the flow of current financial resources measurement focus. Only current assets and current liabilities are included on the balance sheets. With this measurement focus operating statements present increases (i.e. revenues and other financing sources) as well as decreases (i.e. expenditures and other financing uses) in net current assets. Unreserved fund balances are a measure of expendable available financial resources.

The modified accrual basis of accounting is used for governmental fund types and fiduciary funds. Revenues are recognized when susceptible to accrual (i.e. when they are “measurable” and “available”). Measurable means the amount of the transaction can be determined, and available means the amount is collectible within the current period or soon enough thereafter to pay current period liabilities. Expenditures are recorded when the related fund liability is incurred, except interest on long-term debt which is recorded when due.

In accordance with GASB Statement No. 22, “Accounting for Taxpayer Assessed Tax Revenues in Governmental Funds,” taxes received by the County within 60 days after year-end are determined to be both measurable and available. Accrued revenues include sales taxes collected by the State before year-end, earnings on investments and charges for current services. Property taxes receivable are determined based on the statutory levy date. That portion which is receivable but not available to pay current period liabilities is offset by deferred revenue and shown net of estimated uncollectible amounts. Expenditure-driven federal and state grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature, do not measure results of operations and do not have a measurement focus. They are accounted for using the modified accrual basis of accounting.

D. Budgetary Data

In accordance with Ohio law, annual budgets are adopted for the general fund and special revenue funds. The budgetary process accounts for certain transactions on a basis other than GAAP.

Revenue totals for the budgeted funds are estimated by the agencies, reviewed by the Commissioners’ Finance Department and reflected on the Amended Official Certificate of Estimated Resources filed with the County Budget Commission. The breakdown of projected receipts into budgeted revenue categories, (as shown in the individual fund schedule) is provided by the Finance Department.

The ADAMH Board submits an annual appropriation budget to the Commissioners’ Finance Department. During November, budget hearings are held by the Commissioners and their

Finance Department with the various officeholders and department heads. The Finance Department then finalizes the budget proposal. Early in January, the Commissioners pass an appropriation resolution which legally authorizes the expenditure of funds. The Commissioners appropriate to the major object code level within a fund and organizational unit. The appropriation level is the legal level of control. Revisions to the original budget require a resolution signed by at least two Commissioners, if the revisions increase the original budget.

Unencumbered appropriations and multiple-vendor encumbrances lapse at year-end. Contracts and single-vendor encumbrances outstanding at year-end carry their appropriations with them into the new year. The combined statements compare budgeted to actual results of operations reflecting revised budget figures, including amendments to the original appropriation resolution and prior year appropriations carried over for liquidation of prior year encumbrances.

Encumbrance accounting is employed as an extension of formal budgetary control. An encumbrance reserves a portion of an appropriation for a purchase order, contract or other commitment for the expenditure of money. The County maintains budgetary control within a fund and organizational unit by not permitting encumbrances and expenditures or expenses to exceed appropriations.

Encumbrances outstanding at year-end are reported as expenditures in the budgetary basis of accounting, except for multiple-vendor purchase orders which lapse at year-end in accordance with Ohio law. For GAAP reporting purposes, encumbrances outstanding at year-end are recorded as reservations of fund balances, if the underlying expenditures are not accrued as a liability. The encumbered balances so reserved do not constitute expenditures or liabilities because the commitments can be re-appropriated and honored in the subsequent year.

E. Deposits and Investments

Franklin County does not segregate deposits and investments belonging to its individual component units. With regard to Alcohol, Drug and Mental Health Services Boards, the Ohio Revised Code does not specify that a County must segregate their deposits and investments. Therefore, deposits of the ADAMH Board are pooled by the County and are reflected in the balance sheet as equity with the County Treasurer.

F. Receivables and Payables

During the course of normal operations, the ADAMH Board will, as necessary, transfer cash between funds in order to meet current obligations. Interfund transfer outstanding at December 31, 2000 are recorded as interfund receivables and payables and are detailed in Note 3.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Real property and public utility taxes are levied after October 1st based on the assessed value listed as of the preceding January 1st. Assessed values are established by state statute at 35 percent of appraised market value.

The Treasurer bills and collects property taxes on behalf of all taxing districts within the County. The Auditor periodically remits to the ADAMH Board it's portion of the taxes collected.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20th; if paid semi-annually, the first payment is due January 20 with the remainder to be paid by June 20th. Real property owners' tax bills are reduced by homestead and rollback

deduction, when applicable. The amount of these reductions is reimbursed to the County by the State.

The full tax rate for all the ADAMH Board for the year ended December 31, 2000 was \$2.2 per \$1,000 of assessed value. The assessed value upon which the 2000 tax collection was based was \$21,031,944,355.

Tangible personal property taxes are due semi-annually with the first payment due April 30th and the remainder to be paid by September 20th. Due dates are normally extended an additional 30 days. By state law, the first \$10,000 of taxable value for each business is exempt from taxation.

“Property and other taxes receivable” represent delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for estimated uncollectible amounts) and real property and public utility taxes which were measurable at year-end. Since, the current levy is not intended to finance 2000 operations, the receivable is offset by a credit to “Deferred revenue.” The County uses the previous year’s charge to estimate the amount for tangible personal property taxes and includes this in real and other taxes receivable, net of allowances for estimated uncollectible balances. The receivable is offset by a credit to deferred revenue.

G. Provider Advances

Certain payments to providers reflect costs applicable to future accounting periods and are recorded as advances.

H. Fixed Assets

Fixed assets which are acquired or constructed for general governmental purposes are reported as expenditures in the governmental fund that finances the asset acquisition. When purchased, such assets are capitalized (recorded and accounted for) at historical cost in the general fixed assets account group. Donated fixed assets are capitalized at estimated fair market value on the date donated. The ADAMH Board does not possess any fund or infrastructure fixed assets.

The ADAMH Board has elected not to record depreciation in the General Fixed Assets Account Group.

Fixed asset values were initially determined at December 31, 1986, assigning original costs when such information was available. In cases where information supporting original costs was not obtainable, estimated historical costs were developed by adjusting estimated current costs back to the estimated year of acquisition.

I. Liability for Unreported Claims

Health care costs are accrued as services are rendered by contract providers for providing mental health and substance abuse treatment services. Payments are made to providers on individual claims for which services have been performed.

Reserves are established for incurred but not reported (IBNR) claims for health care costs and are included in the liability for unreported claims. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual health care costs and other factors.

J. Compensated Absences

The ADAMH Board records a liability for vacation time when the obligation is attributable to services rendered, the obligation relates to rights that vest or accumulate, payment of the obligation is probable and the amount of the obligation can be reasonably determined. Sick leave benefits are accrued using the termination payment method. The sick leave liability is estimated based on past history adjusted for changes in pay rates. The accrual applies historical information to the current work force. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individuals earning the leave are paid, with a corresponding liability reflected in the account “compensated absences payable.” At December 31, 2000 the entire portion of the liability is considered to be long term and reported in the general long-term debt account group.

K. Long-Term Obligations

Long-term obligations are being repaid from the following funds:

- Capital Leases ----- General Fund
- Compensated Absences----- General Fund

L. Fund Equity

Reservations of fund balance represent amounts that are not available for current appropriation or are legally segregated for a specific purpose. Designated fund balances represent tentative plans for future use of financial resources.

M. Memorandum Only—Total Columns

Total columns on general purpose financial statements are captioned “memorandum” because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

Note 2—Legal Compliance Budget

A. Budgetary Basis of Accounting

Accounting principles used to develop data on a budgetary basis differ from those used to prepare financial statements in conformity with GAAP. The major differences are as follows:

- Outstanding year-end encumbrances are treated as expenditures (budget) as opposed to reservations of fund balances (GAAP).
- Revenues are recorded when received (budget) as opposed to when susceptible to accrual (GAAP)
- Expenditures are recorded when paid (budget) as opposed to when susceptible to accrual (GAAP)

The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual (non-GAAP budgetary basis) to the amounts on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP basis).

**Excess of Revenues and Other Sources
Over (Under) Expenditures and Other Uses
All Governmental Fund Types**

	<u>General</u>	<u>Special Revenue</u>
Non-GAAP Budgetary Basis	\$ (4,672,582)	\$ 763,344
Basis Difference:		
Net Adjustment for Revenue Accruals	491,282	(3,320,969)
Net Adjustment for Expenditure Accruals	5,511,167	3,551,135
Net Adjustment to Revenues Resulting From Accrued Interfund Transactions	993,510	-
Net Adjustment to Expenditures Resulting From Accrued Interfund Transactions	-	(993,510)
GAAP Basis	<u>\$ 2,323,377</u>	<u>\$ -</u>

Note 3—Detailed Notes On All Funds and Account Groups

A. Deposits and Investments

Franklin County does not segregate deposits and investments belonging to its component units. The County's deposits include amounts held in demand accounts, savings accounts, and non-negotiable certificates of deposit. The deposit amount for the ADAMH Board as of December 31, 2000, is \$29,405,024.

B. Receivables

Receivables as of December 31, 2000 are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Property and other Taxes	\$ 36,835,004		\$ 36,835,004
Accounts Due from other Governments	1,665,203	\$ 547,842	2,213,045
Less: allowance for uncollectibles	234,444	10,961,007	11,195,451
	-	-	-
Total Receivables	<u>\$ 38,734,651</u>	<u>\$ 11,508,849</u>	<u>\$ 50,243,500</u>

C. Fixed Assets

Activity in the general fixed assets account group for the government for the year ended December 31, 2000 was as follows:

	<u>January 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2000</u>
Land	\$ 113,360			\$ 113,360
Buildings	3,768,572	\$ 81,876	-	3,850,448
Machinery & Equipment	2,480,754	38,421	-	2,519,175
Total	<u>\$ 6,362,686</u>	<u>\$ 120,297</u>	<u>-</u>	<u>\$ 6,482,983</u>

D. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2000, is as follows:

	<u>Receivables</u>	<u>Payables</u>
GENERAL FUND	\$ 4,733,937	
SPECIAL REVENUE FUNDS:		
State Mental Health Fund	-	\$ 152,220
State Alcohol & Drug Fund	-	22,050
Federal Mental Health Fund	-	763,989
Federal Alcohol & Drug Fund	-	609,558
CSAP	-	90,788
Other Federal	-	106,090
Title XIX	-	2,356,944
Other Grants	-	632,298
Total	<u>\$ 4,733,937</u>	<u>\$ 4,733,937</u>

E. Leases

In 1986, the ADAMH Board entered into a capital lease with Franklin County for the building the ADAMH Board currently occupies. The County issued debt, the proceeds of which were used to purchase the building from the ADAMH Board. The ADAMH Board will reacquire title to the building once the County's debt is retired and the final lease payments are made. For reporting purposes, the building has been classified as a general fixed asset of the ADAMH Board. The ADAMH Board also leases a copy machine which is accounted for as a capital lease. As of December 31, 2000 the total value of assets held under Capital Lease agreement is \$864,500. In 2000, the ADAMH Board entered into an operating lease for a second copy machine expiring May, 2005. Rent expense for the year ended December 31, 2000 was \$7,392.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2000.

<u>Year Ending December 31,</u>	<u>Capital</u>	<u>Operating</u>
2001	\$ 76,177	\$ 7,392
2002	73,596	7,392
2003	60,771	7,392
2004	53,069	7,392
2005	50,488	4,312
2006–2010	<u>213,719</u>	<u>–</u>
Total minimum lease payments	527,820	33,880
Less: amount representing interest	<u>(145,215)</u>	<u>–</u>
Present value of minimum lease payments	<u>\$ 382,605</u>	<u>\$ 33,880</u>

The liability for the capital leases is reported in the general long-term debt account group. Capital lease payments are segregated and reflected as debt service in the combined financial statements of the governmental funds.

F. Long-term Obligations

Activity in the long-term obligations of the ADAMH Board as of December 31, 2000 was as follows:

	<u>Outstanding January 1, 2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding December 31, 2000</u>
Accrued Vacation and Sick Leave	\$ 372,176	\$ –	\$ 3,453	\$ 368,723
Capital Leases	<u>428,824</u>	<u>–</u>	<u>46,219</u>	<u>382,605</u>
Total	<u>\$ 801,000</u>	<u>\$ –</u>	<u>\$ 49,672</u>	<u>\$ 751,328</u>

Note 4 —Other Information

A. Risk Management.

The ADAMH Board is a component unit of Franklin County, Ohio and participates in its Risk-financing funds. The County is exposed to various risks of loss related to torts and general liability; theft of, damage to and destruction of assets; natural disasters; errors and omissions; certain employees' medical and dental claims; and injuries to employees. Insurance policies are procured for buildings and contents, County-owned equipment, steam boilers, and machinery. In addition, a Money and Securities Policy is in effect for all County employees. Settled claims have not exceeded commercial coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

The County has elected to retain risk for losses related to torts and general liability, employee health-care claims, and employee injuries rather than insuring those risks through a third-party.

Chapter 340 of the Ohio Revised Code "limits the liability of community mental health board members and employees from action taken within the scope of official duties and employment." It expands the ADAMH Board's authority to indemnify board members and employees against damages, unless the ADAMH Board members' or employees' action constitutes willful or wanton misconduct. Although the law clearly indemnifies Board members and staff, additional director's and officer's liability insurance for Board members and professional liability coverage for staff has

been obtained.

A periodic review of the ADAMH Board's scope of activities is performed and a risk profile is made available to insurance companies and our agent. This risk profile is used to obtain premium bids by our agents. There has been no significant reduction in coverage from the prior year, nor has the ADAMH Board experienced any settled claims.

B. Contingent Liabilities

The ADAMH Board has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the ADAMH Board believes such disallowances, if any, will be immaterial.

In recognition of the risk inherent in its operations, the ADAMH Board has designated a fund balance (analogous in the insurance industry to a catastrophe fund) to absorb financial shortfalls, whether temporary or permanent.

The fund exists to help the ADAMH Board meet its statutory and contractual responsibilities in the event that the cost for client related services exceed available revenues. These shortfalls can come about because of discontinued funding for a specific program, reductions in funding from selected services or over-runs in cost.

Using historical financial data, a financial model was constructed and variances in key risk areas were identified, summarized and put in the context of a fund balance requirement. The risks identified were summarized into these categories:

- Cash Flow
- Client Related Risk
- Revenue Risk

The recommended fund balance requirement was developed as a percentage of total client service related cost. These percentages, separately identified for each component, were then converted to a dollar amount for the current operating year identifying a minimum level, optimal level and maximum level. At December 31, 2000 the Board designated \$10,964,236 for of possible future financial shortfalls.

C. Compensated Absences

Employees earn paid vacation benefits determined according to the total number of years of service with the ADAMH Board. Employees are allowed to accumulate no more vacation leave than the amount earned in two years of service at the applicable rate. Upon separation, employees are paid for all accumulated, unused vacation leave balance, provided they have given the required notice of termination.

At December 31, 2000, the liability for vacation leave for governmental fund employees totaled \$178,261, a decrease of \$2,683 from the liability at the prior year-end. The liability for sick leave for these employees totaled \$190,463, a decrease of \$769 over the prior year. The total liability of \$368,723 is recorded in the General Long-Term Obligation Account Group.

D. Other Post-Employment Benefits (OPEB)

Public Employee Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit, and to primary survivor recipients. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an OPEB. A portion of each employer's contribution to PERS is set aside for the funding of post retirement healthcare. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution rate was rolled back for the year 2000. For local government employer units, the rate was 10.84% of covered payroll; 4.30% was the portion used to fund health care for the year.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS.

As of December 31, 2000 the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The number of benefit recipients eligible for OPEB at December 31, 2000 was 401,339. The actuarially accrued liability and the unfunded actuarially accrued liability based on the actuarial cost method used were \$12,973.6 million and \$1,668.1 million, respectively.

The Retirement Board has a calculation method for determining employer contributions applied to OPEB. Under the method, employer contributions, equal to 4.3% of member covered payroll, are used to fund health care expenses.

Based upon the portion of each employer's contribution to PERS set aside for funding postretirement health care, as described above, the ADAMH Board's contribution for the twelve months ended December 31, 2000 allocated to postretirement health care was \$152,626.

Summary of Assumptions:

- Actuarial Review—The assumptions and calculations below were based on the System's latest Actuarial Review performed as of December 31, 1999.
- Funding Method—An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.
- Assets Valuation Method—All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.
- Investment Return—The investment assumption rate for 1999 was 7.75%.
- Active Employee Total Payroll—An annual increase of 4.75%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%.
- Health Care—Health care costs were assumed to increase 4.75% annually.

E. Employee Retirement System

The Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates was based on the December 19, 1998 actuarial study which indicated actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

All Board full-time employees participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. The 2000 employer contribution rate for local government employer units was 10.84% of covered payroll.

The ADAMH Board's total current year payroll was \$3,630,418, all of which related to employees covered by PERS. Required contributions made to PERS were as follows:

	<u>2000</u>	<u>1999</u>	<u>1998</u>
Employer share	\$ 384,738	\$ 421,347	\$ 316,043
Employee share, paid by Employer	<u>177,462</u>	<u>155,479</u>	<u>116,621</u>
Total contributions	<u>\$ 562,200</u>	<u>\$ 576,826</u>	<u>\$ 432,664</u>

The full amount has been contributed for 2000, 1999, and 1998 at 100%.

F. Restatement of Beginning of Year General Fund Balance

In 2000, it was determined that certain contract services amounts were recorded as contracts payable as of December 31, 1999 and were also recorded as part of the liability for unreported claims as of December 31, 1999. This had the effect of understating the General Fund Balance by \$1,771,261 at December 31, 1999. Therefore, the beginning of the year General Fund Balance has been restated as of January 1, 2000 to reflect this adjustment.

SUPPLEMENTARY INFORMATION

ALCOHOL, DRUG AND MENTAL HEALTH BOARD
OF FRANKLIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000

Federal Grantor Agency/ Pass-Through Agency/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass through Rehabilitation Service Commission			
Rehabilitation Services - Vocational Rehabilitation Grants	NA	84.126	\$ 530,798
Pass through Ohio Department of Alcohol and Drug Addiction Services			
Safe and Drug Free Schools of America	NA	84.186A	392,150
Total U.S. Department of Education			<u>922,948</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass through Ohio Department of Mental Health:			
Projects for Assistance in Transition from Homelessness (PATH)	NA	93.150	170,345
Community Prevention Coalition(Partnership) Demonstration Grant	NA	93.194	22,500
Social Services Block Grant	NA	93.667	654,809
Medicaid	NA	93.778	18,569,231
Block Grants for Community Mental Health Services	NA	93.958	1,553,368
Pass through Ohio Department of Alcohol and Drug Addiction Services			
Block Grants for Prevention and Treatment of Substance Abuse	NA	93.959	7,474,186
Medicaid	NA	93.778	2,749,956
Total U.S. Department of Health and Human Services			<u>31,194,395</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Pass Through Private Industry Council:			
Welfare-to-Work Grants	NA	17.253	491,815
<u>SOCIAL SECURITY ADMINISTRATION</u>			
Pass Through Ohio Department of Mental Health:			
Social Security-Research and Demonstration	NA	96.007	119,252
<u>ADMINISTRATION FOR CHILDREN AND FAMILIES</u>			
Pass Through Franklin County Jobs & Family	NA		
Temporary Assistance to Needy Families		93.558	663,912
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass through Ohio Department of Alcohol and Drug Addiction Services	NA		
The Byrne Formula Grant Program	NA	16.579	221,544
TOTAL			<u><u>\$33,613,866</u></u>

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
Fiscal Year Ended December 31, 2000
Notes To Schedule of Expenditures of Federal Awards

Note A—Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Alcohol, Drug and Mental Health Board of Franklin County (ADAMH) and is presented on the accrual basis of accounting.

Note B—Subrecipients

The ADAMH Board passes through to not-for-profit providers (subrecipients) certain federal assistance received by the ADAMH Board directly from the pass-through entity.

The subrecipient providers have certain compliance responsibilities related to administering these federal programs. Under OMB Circular A-133, the ADAMH Board is responsible for monitoring subrecipients to help assure that federal awards are expended for authorized purposes in compliance with law, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved. Of the federal expenditures presented in the schedule, the ADAMH Board provided federal awards to subrecipients as listed below.

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Rehabilitation Services Grant	84.126	\$530,798
Safe and Drug-Free Schools	84.186	\$392,150
Projects for Assistance in Transition from Homelessness (PATH)	93.150	\$170,345
Community Prevention Coalitions (Partnership) Demonstration	93.194	\$22,500
Temporary Assistance to Needy Families	93.558	\$663,912
Social Services Block Grant (Title XX)	93.667	\$654,809
Block Grants for Community Mental Health Services	93.958	\$1,553,368
Block Grants for Prevention and Treatment of Substance Abuse	93.959	\$7,474,186
Medicaid	93.778	\$21,319,187
Social Security Research and Demonstration	96.007	\$119,252
Welfare-to-Work Grants	17.253	\$491,815
Byrne Formula Grant Program	16.579	\$221,544

Note C—Matching Requirements

Certain Federal programs require the ADAMH Board to contribute non-Federal funds (matching funds) to support the Federal-funded programs. The ADAMH Board has complied with the matching requirements (if applicable) for the major federal programs identified in the summary of auditor's results section of the accompanying schedule. The expenditure of non-Federal matching funds is not included on the Schedule.



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Alcohol, Drug and Mental Health
Board of Franklin County
Columbus, Ohio

We have audited the financial statements of the Alcohol, Drug and Mental Health Board of Franklin County (ADAMH Board) as of and for the year ended December 31, 2000, and have issued our report thereon dated May 29, 2001. 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 ADAMH 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the ADAMH 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. However,

we noted other matters involving the internal control over financial reporting that we have reported to management of the ADAMH Board in a separate letter dated May 29, 2001.

This report is intended solely for the information and use of the audit committee, management, Franklin County, 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 cursive script that reads "Crowe, Chizek and Company LLP".

Crowe, Chizek and Company LLP

Columbus, Ohio
May 29, 2001



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

Alcohol, Drug and Mental Health
Board of Franklin County
Columbus, Ohio

Compliance

We have audited the compliance of the Alcohol, Drug and Mental Health Board of Franklin County (ADAMH 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 each of its major federal programs for the year ended December 31, 2000. The ADAMH Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the ADAMH Board's management. Our responsibility is to express an opinion on the ADAMH 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the ADAMH 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 ADAMH Board's compliance with those requirements.

As described in item 00-1, in the accompanying schedule of findings and questioned costs, the ADAMH Board did not comply with all of the requirements regarding subrecipient monitoring that are applicable to Medicaid, Block Grants for Community Mental Health Services and Block Grants for Prevention and Treatment of Substance Abuse. Also, as described in item 00-2, the ADAMH Board did not comply with all the requirements regarding eligibility that are applicable to Block Grants for Prevention and Treatment of Substance Abuse. Compliance with such requirements is necessary, in our opinion, for the ADAMH Board to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the ADAMH Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the ADAMH 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 ADAMH 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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the ADAMH Board's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 00-1 and 00-2.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Franklin County, 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.



Crowe, Chizek and Company LLP

Columbus, Ohio
May 29, 2001

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2000

1. Summary of Auditor's Results

- a. An unqualified opinion was issued on the financial statements of Alcohol, Drug and Mental Health Board of Franklin County for the year ended December 31, 2000.
- b. A qualified opinion was issued to Alcohol, Drug and Mental Health Board of Franklin County for compliance with major programs.
- c. The audit did not disclose any noncompliance that is material to the financial statements.
- d. There was one audit finding required to be disclosed under OMB Circular A-133 Section 510(a).
- e. Major Programs Identified:
 - 93.778 Medical Assistance Program (Medicaid: Title XIX)
 - 98.958 Block Grants for Community Mental Health Services
 - 98.959 Block Grants for Prevention and Treatment of Substance Abuse
- f. The dollar threshold used to distinguish between Type A and Type B programs was \$1,008,416.
- g. The auditee was not considered a low-risk auditee.

2. Findings related to financial statements that are required to be reported in accordance with GAGAS:

None.

3. Findings and questioned costs for federal awards including audit findings as described in OMB Circular A-133 Section 510(a):

00-1: Criteria: Subrecipient Monitoring

- 93.778 Medical Assistance Program (Medicaid), passed through Ohio Departments of Mental Health and Alcohol and Drug Addictive Services
- 98.958 Block Grants for Community Mental Health Services passed through Ohio Departments of Mental Health
- 98.959 Block Grants Prevention and Treatment of Substance Abuse passed through Ohio Department of Alcohol and Drug Addictive Services

Condition: Three subrecipient agencies did not have their audit reports submitted within nine months after the end of the audit period as required by OMB Circular A-133. One agency did not have a corrective action plan and one did not have a Memorandum of understanding outlining the audit requirements. In addition, the ADAMH Board is not following up with subrecipients to determine progress of implementation of their corrective action plans. Several provider agencies requested extensions of time to complete their audits due to confirmations from ADAMH not being completed timely. Also, the CFDA numbers were not disclosed to the subrecipients on their allocation summaries.

Questioned costs: None

Context: The audit of subrecipient monitoring included a review of a sample of eleven audits of the 37 subrecipients of Medicaid, Block Grants for Community Mental Health Services, and Block Grants Prevention and Treatment of Substance Abuse.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended December 31, 2000

Effect: Subrecipient audit findings could be ignored entirely or for a full year. The ADAMH Board does not require a Summary Schedule of Prior Audit Findings and relies on subrecipient auditors to monitor corrective action plan implementation. Since some subrecipients file audits late it may be a year before the ADAMH Board will learn if findings are repeated.

Cause: No audit follow-up with subrecipients on corrective action plans. Desk audits of Medicaid and confirmations of ADAMH funding to subrecipient auditors were not completed timely.

Recommendation:

We recommend that the ADAMH Board follow up with the subrecipients regularly throughout the year to monitor implementation of corrective action plans. Reliance solely on audits of subrecipients has limitations. Not all programs funded by the ADAMH Board may be considered major programs by subrecipients and therefore, may not be covered in their audits.

In addition it is recommended that the ADAMH Board complete any required desk audits and confirmations of funding promptly in order to increase efficiency and timeliness of provider audits.

We also recommend that the CFDA numbers be included on the allocation summaries and ADAMH ensure corrective action plans (if applicable) and Memoranda of Understanding be obtained for all agencies.

Management response: ADAMH agrees with this finding. Refer to the Corrective Action Plan for specific details.

00-2: Criteria: Eligibility

98.959 Block Grants Prevention and Treatment of Substance Abuse passed through Ohio Department of Alcohol and Drug Addictive Services

Condition: ADAMH does not currently have procedures in place to ensure providers are complying with the Payment of Last Resort requirement.

Questioned costs: Undeterminable.

Context: ADAMH is relying on subrecipient audits and subrecipient collection of information from patients to comply with this requirement.

Effect: ADAMH could be paying for services of patients with insurance or other means to pay.

Cause: On site visits are not being done to oversee this requirement. No cross check is done to see if providers are collecting through ADAMH and private insurance.

Recommendation: We recommend ADAMH put the Payment of Last Resort requirement in writing in subrecipient contracts or other correspondence and perform on-site visits to determine that this is being done.

Management response: ADAMH agrees with this finding. Refer to the Corrective Action Plan for specific details.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
CORRECTIVE ACTION PLAN
Year Ended December 31, 2000

00-1.1 Subrecipient Monitoring

Our subrecipients have the primary responsibility to comply with federal guidelines. However, the ADAMH Board does have additional responsibility to oversee compliance. In order to ensure our subrecipients implement their corrective action plans, we will follow up with them quarterly on the status of the implementation. Each subrecipient will be reviewed to determine if the implementation is adequate.

Funding will continue to be withheld for nonmedicaid claims for those subrecipients who did not have their audits submitted timely.

In regard to the confirmation responses ADAMH assisted with during subrecipient audits, in the future, we will complete the year end reconciliation process earlier so as to avoid delays with the agencies.

The ADAMH Board will also provide CFDA numbers on the allocation summaries so subrecipients are aware if they are receiving any federal funds.

00-2 Eligibility

As part of the contracting process with subrecipients, we will add a requirement stating that subrecipients will comply with the Payment of Last Resort. We will also perform on site visits and test some files to determine this procedure is in place and that claims are not being submitted to both the ADAMH Board and other insurance companies or third parties.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
SUMMARY OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2000

Finding Number 99-1

Ten subrecipient agencies for Medicaid did not have their audit reports submitted within the nine months after the end of the audit period as required by OMB Circular A-133.

The ADAMH Board did not follow up with subrecipient to determine progress of implementation of corrective action plans.

The ADAMH Board did not perform on-site visits of subrecipients which received funding from a Welfare-to-Work Grant.

Subrecipients of Welfare-to-Work Grants provided semiannual reports as opposed to quarterly as required by the federal program requirements

Current Status

The ADAMH Board has increased its subrecipient monitoring efforts and on-site visits. As a result, audit filing compliance has increased. For its fiscal year ended June 30, 2001, only 3 of 51 provider agencies had not met the filing deadline. The ADAMH Board is making every effort to encourage audit compliance. We are currently withholding all non-Medicaid payments from agencies which have not filed an audit report with the Board. Network Services, and Planning, Evaluation and Quality Improvement teams continue to monitor effectiveness of service offered by Providers, including Welfare-to-Work programs.

As part of our monitoring procedures, all subrecipients' audit reports are reviewed by the internal audit staff, including required corrected action plans. Implementation of corrective action plans are verified as part of providers' annual audits. The internal audit staff follows-up on significant repeat findings. During the fiscal years ending June 30, 2000 and 1999, no significant repeats were noted.



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OFFICE OF THE AUDITOR

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A..D.A.M.H. BOARD OF FRANKLIN COUNTY

FRANKLIN 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 9, 2001**