

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

**CRAWFORD AND MARION COUNTIES, OHIO**

**AUDIT REPORT**

**For the Year Ended December 31, 2016**







# Dave Yost • Auditor of State

Board of Directors

Board of Alcohol, Drug Addiction and Mental Health Services Crawford and Marion Counties  
907 N. Sandusky Ave  
Bucyrus, OH 44820

We have reviewed the *Independent Auditor's Report* of the Board of Alcohol, Drug Addiction and Mental Health Services Crawford and Marion Counties, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2016. 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 Board of Alcohol, Drug Addiction and Mental Health Services Crawford and Marion Counties is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 25, 2017

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**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES**  
**CRAWFORD AND MARION COUNTIES, OHIO**  
**Audit Report**  
**For the year ended December 31, 2016**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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### **INDEPENDENT AUDITOR'S REPORT**

Board of Alcohol, Drug Addiction and Mental Health Services  
Crawford and Marion Counties  
907 North Sandusky Avenue  
Bucyrus, Ohio 44820

To the Members of the Board:

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties (the Board) as of and for the year ended December 31, 2016.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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

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

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

#### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Board prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2016, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties as of December 31, 2016, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Matters***

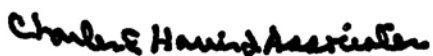
Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2017, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



**Charles E. Harris & Associates, Inc.**  
June 9, 2017



**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
CRAWFORD AND MARION COUNTIES, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2016**

	<u>Governmental Fund Types</u>		Total - (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Taxes	\$ 1,390,072	-	\$ 1,390,072
Intergovernmental	263,896	-	263,896
State Grants	1,219,760	-	1,219,760
Federal Grants	-	\$ 780,948	780,948
Charges for Services	-	6,986	6,986
Reimbursements	19,008	3,242	22,250
Miscellaneous	9,145	-	9,145
<b>Total Cash Receipts</b>	<b>2,901,881</b>	<b>791,176</b>	<b>3,693,057</b>
<b>Cash Disbursements:</b>			
Salaries	352,313	65,111	417,424
Benefits	60,666	12,550	73,216
Supplies	20,941	542	21,483
Contracts - Services	2,528,531	695,461	3,223,992
Travel	13,954	3,167	17,121
Public Employee's Retirement	56,082	8,690	64,772
Worker's Compensation	1,551	357	1,908
Communications	3,970	763	4,733
Utilities	16,398	-	16,398
Other	66,045	-	66,045
<b>Total Cash Disbursements</b>	<b>3,120,451</b>	<b>786,641</b>	<b>3,907,092</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(218,570)</b>	<b>4,535</b>	<b>(214,035)</b>
<b>Fund Balance, January 1, 2016</b>	<b>3,796,080</b>	<b>412,700</b>	<b>4,208,780</b>
<b>Fund Cash Balance December 31, 2016</b>			
Restricted	-	439,334	439,334
Assigned	379,063	-	379,063
Unassigned (Deficit)	3,198,447	(22,099)	3,176,348
<b>Fund Balance, December 31, 2016</b>	<b>\$ 3,577,510</b>	<b>\$ 417,235</b>	<b>\$ 3,994,745</b>

See accompanying Notes to the Financial Statements.

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

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties, (the Board) as a body corporate and politic. A fourteen-member Board is the governing Body. The Board's Director and the legislative authorities of the political subdivisions making up the Board appoint the other Board members. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are the Ohio Department of Mental Health and Addiction Services and the Marion County Commissioners. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. Private and public agencies are the primary service providers, through Board contracts.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Board's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

***Fund Accounting***

The Board uses funds 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 funds of the Board are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Board had the following significant Special Revenue Fund:

SAPT Block Grant Fund - this fund receives monies for planning, carry out and evaluating activities to prevent and treat substance abuse.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***Basis of Accounting (continued)***

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires the Board to adopt a budget for each fund annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments.

***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 approve estimated resources.

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

A summary of 2016 budgetary activity appears in Note 3.

***Capital Assets***

The Board records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Board must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

**Note 2 - Summary of Significant Accounting Policies (continued)**

***Fund Balance (continued)***

***Nonspendable*** The Board classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Board or a Board official delegated that authority by resolution, or by State Statute. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,437,465	\$2,901,881	(\$535,584)
Special Revenue	649,760	791,176	141,416

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

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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**Note 3 - Budgetary Activity (continued)**

<u>2016 Budgeted vs. Actual Budgetary Basis Disbursements</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$3,864,612	\$3,499,514	\$365,098
Special Revenue	1,027,637	923,014	104,623

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Marion County Treasurer is custodian for the Board’s deposits. The County’s deposit and investment pool holds the Board’s assets, valued at the Treasurer’s reported carrying amount.

**Note 5 – Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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 the Board. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

**Note 6 – Interfund Balances**

***Advances***

Outstanding advances at December 31, 2016, consisted of \$246,142 advanced to various Special Revenue Funds in 2014 and 2015. These include SAPT Block Grant - \$83,988; MH Block Grant - \$40,642; OMHAS Title XX - \$40,567; RSC-VRP3 Project - \$22,755; US Dept. of Justice/BJA - \$58,190 to provide working capital for operations or projects. The outstanding advances will be repaid in 2017.

**Note 7 - Risk Management**

In 2016, the Board participated in the Marion County Commissioners Association Workers’ Compensation Group Retrospective Rating Program, a workers’ compensation shared risk pool. The participating counties pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending on that performance, the participating counties may receive a premium refund or an additional premium assessment.

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

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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**Note 7 - Risk Management (continued)**

***Risk Pool Membership***

Marion County has contracted with the County Risk Sharing Authority (CORSA) and the Federal Insurance Company. The Board is under the Marion County's umbrella for commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions
- Cyber Liability

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

**Note 8 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

The Board's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Board contributed an amount equaling 14%, of participants' gross salaries. The Board has paid all contributions required through December 31, 2016.

**Note 9 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 10 – Other Benefits**

**Health Care Benefits**

The Board offers employees medical, dental, vision, and life benefits through the Marion County Employee Benefits Consortium of Ohio. Depending on the plan chosen, the employees share the cost of the monthly premium.

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

*Notes to the Financial Statements  
For the Year Ended December 31, 2016*

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**Note 11 – Contingent Liabilities**

Management believes there are no pending claims or litigation.

Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
Social Services Block Grant	93.667	31-6400076	\$68,201	\$68,201
Block Grants for Community Mental Health Services	93.958	31-6400076	126,371	126,371
Promoting Safe and Stable Families	93.556	99-5AU-14-100-22-017	22,919	22,919
Block Grants for Prevention and Treatment of Substance Abuse	93.959	31-6400076	283,579	283,579
Total U.S. Department of Health and Human Services			<b>501,070</b>	<b>501,070</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Health</i>				
Special Education-Grants for Infants and Family	84.181	01710031HG0716/01710031HG0817	86,341	86,341
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	31-6400076		91,180
Total U.S. Department of Education			<b>86,341</b>	<b>177,521</b>
<b>U.S. DEPARTMENT OF JUSTICE</b>				
<i>Direct Program</i>				
Drug Court Discretionary Grant Program	16.585	N/A	108,050	108,050
Total U.S. Department of Justice			<b>108,050</b>	<b>108,050</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$695,461</b>	<b>\$786,641</b>

*The accompanying notes are an integral part of this schedule.*



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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Board of Alcohol, Drug Addiction and Mental Health Services of Crawford and Marion Counties under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the of the Board.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - SUBRECIPIENTS**

The Board passes certain federal awards received from the Ohio Department of Mental health and Addiction Services (OMHAS), the Ohio Department of Health, and U S Department of Justice to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Board reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the Board to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

Board of Alcohol, Drug Addiction and Mental Health Services  
Crawford and Marion Counties  
907 North Sandusky Avenue  
Bucyrus, Ohio 44820

To the Members of the Board:

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 cash balances, receipts, and disbursements by fund type of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties, (the Board) as of and for the year ended December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated June 9, 2017, wherein we noted the Board followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

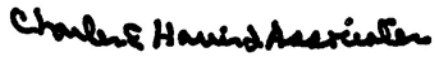
As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial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

Board of Alcohol, Drug Addiction and Mental Health Services  
Crawford and Marion Counties  
Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Required by *Government Auditing Standards*  
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated June 9, 2017.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris and Associates, Inc.***

June 9, 2017

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Alcohol, Drug Addiction and Mental Health Services  
Crawford and Marion Counties  
907 North Sandusky Avenue  
Bucyrus, Ohio 44820

To the Members of the Board:

***Report on Compliance for Each Major Federal Program***

We have audited the Board of Alcohol, Drug Addiction and Mental Health Services' (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Board's major federal programs for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal programs.

***Management's Responsibility***

The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the Board's compliance for each of the Board's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the Board's major programs. However, our audit does not provide a legal determination of the Board's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Board of Alcohol, Drug Addiction and Mental Health Services complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2016.

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

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**CHARLES E. HARRIS & ASSOCIATES, INC.**  
June 9, 2017

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

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
December 31, 2016**

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

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Adverse under GAAP Unmodified under AOS regulatory basis
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under 2 CFR § 200.516(a)?</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Block Grants for Prevention and Treatment of Substance Abuse (SABG) - CFDA #93.959 Block Grants for Community Mental Health Services (MHBG) - CFDA #93.958
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee under 2 CFR §200.520?</i>	No

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

**SCHEDULE OF FINDINGS - (continued)  
2 CFR § 200.515  
December 31, 2016**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES**  
**Crawford and Marion Counties**  
**Schedule of Prior Audit Findings**  
**December 31, 2016**

The prior report, for the year ending December 31, 2015, reported no material citations or recommendations.





# Dave Yost • Auditor of State

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

**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 8, 2017**