

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

CRAWFORD AND MARION COUNTIES, OHIO

AUDIT REPORT

For the Year Ended December 31, 2017





Dave Yost • Auditor of State

Board of Directors

Board of Alcohol, Drug Addiction and Mental Health Services Crawford and Marion Counties
113 West Rensselaer Street
Bucyrus, Ohio 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, 2017 through December 31, 2017. 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

September 19, 2018

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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, 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Alcohol, Drug Addiction and Mental Health Services
Crawford and Marion Counties
113 West Rensselaer Street
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, Ohio (the Board), as of and for the year ended December 31, 2017.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as our evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

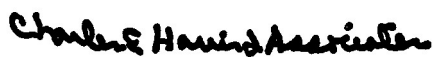
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2017, and the respective 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 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, Ohio, as of December 31, 2017, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2018, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.
July 25, 2018

Board of Alcohol, Drug Addiction and Mental Health Services
Crawford and Marion Counties
Combined Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	(Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 1,432,859	\$ -	\$ 1,432,859
Intergovernmental	235,323	-	235,323
State Grants	1,345,388	-	1,345,388
Federal Grants	-	696,122	696,122
Reimbursements	64,104	-	64,104
Miscellaneous	6,265	-	6,265
<i>Total Cash Receipts</i>	<u>3,083,939</u>	<u>696,122</u>	<u>3,780,061</u>
Cash Disbursements			
Current:			
Salaries	297,330	62,321	359,651
Benefits	25,257	25,099	50,356
Supplies	2,762	927	3,689
Contracts - Services	2,664,389	500,897	3,165,286
Travel	12,116	3,706	15,822
Public Employee's Retirement	50,867	-	50,867
Worker's Compensation	1,811	339	2,150
Communications	4,236	67	4,303
Utilities	18,226	-	18,226
Other	63,565	-	63,565
Equipment	7,395	-	7,395
<i>Total Cash Disbursements</i>	<u>3,147,954</u>	<u>593,356</u>	<u>3,741,310</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(64,015)	102,766	38,751
Other Financing Receipts (Disbursements)			
Transfers In	92,820	-	92,820
Transfers Out	-	(92,820)	(92,820)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>92,820</u>	<u>(92,820)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	28,805	9,946	38,751
<i>Fund Cash Balances, January 1</i>	<u>3,577,510</u>	<u>417,235</u>	<u>3,994,745</u>
Fund Cash Balances, December 31			
Restricted	-	427,181	427,181
Assigned	38,340	-	38,340
Unassigned	3,567,975	-	3,567,975
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,606,315</u>	<u>\$ 427,181</u>	<u>\$ 4,033,496</u>

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

Board of Alcohol, Drug Addiction and Mental Health Services
Crawford and Marion Counties
Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2017

		Fiduciary Fund Type
		<u>Agency</u>
Cash Receipts		
Intergovernmental - Local	\$	18,850
Intergovernmental - State		84,652
Intergovernmental - Federal		90,895
Charges for Services		6,100
Miscellaneous		255
		<hr/>
<i>Total Cash Receipts</i>		200,752
Cash Disbursements		
Personal Services		20,046
Travel Reimbursements		2,299
Treatment Services		170,544
Supplies and Materials		272
Other		5,878
		<hr/>
<i>Total Cash Disbursements</i>		199,039
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<i>Net Change in Fund Cash Balances</i>		1,713
		<hr/>
<i>Fund Cash Balances, January 1, Restated</i>		125,532
		<hr/>
<i>Fund Cash Balances, December 31</i>	\$	<u><u>127,245</u></u>

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

BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES

CRAWFORD AND MARION COUNTIES

Notes to the Financial Statements

For the Year Ended December 31, 2017

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. An eighteen-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 Crawford and 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, and a statement of receipts, disbursements and changes in fund balances (cash basis) for all fiduciary fund types which are 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 account for and reports the proceeds for planning, carry out and evaluating activities to prevent and treat substance abuse.

Fiduciary Funds Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Board disburses these funds as directed by the individual, organization or other government. The Board's agency fund accounts for the operations of the Crawford County Family and Children First Council of which the Board serves as Administrative Agent.

BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES

CRAWFORD AND MARION COUNTIES

Notes to the Financial Statements

For the Year Ended December 31, 2017

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).

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 re-appropriated.

A summary of 2017 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:

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

BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES
Notes to the Financial Statements
For the Year Ended December 31, 2017

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, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,941,213	\$3,176,759	\$235,546
Special Revenue	623,554	696,122	72,568

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$3,527,841	\$3,186,294	\$341,547
Special Revenue	721,800	716,702	5,098

BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES

CRAWFORD AND MARION COUNTIES

Notes to the Financial Statements

For the Year Ended December 31, 2017

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 – Risk Management

In 2017, 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.

Risk Pool Membership

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County addresses these risks by being a member of the County Risk Sharing Authority (CORSA). CORSA is a risk sharing pool established by the County Commissioners Association of Ohio (CCAO) to provide property and liability coverage for counties who are members of CCAO. The Board is under the Marion County's umbrella for the following coverage through CORSA:

- Comprehensive property and general liability;
- Vehicles Liability
- 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.

BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

There are seven Board employees that 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, 2017.

Note 8 – 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. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 1.0 percent during calendar year 2017.

Note 9 – Other Benefits

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

Note 10 – Contingent Liabilities

Management believes there are no pending claims or litigations.

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.

Note 11 – Prior Period Adjustment

A prior period adjustment was necessary to properly reflect the activity of the Crawford County Family and Children First Council in an agency fund. The following table shows the changes to beginning fund balance:

	Agency Fund
Fund Balance, January 1, 2017	\$ -
Crawford County FCFC	125,532
Restated Fund Balance, January 1, 2017	\$ 125,532

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

To the Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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, Ohio (the Board) as of and for the year ended December 31, 2017, and the related notes to the financial statements and have issued our report thereon dated July 25, 2018, 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

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated July 25, 2018.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles Harris Associates

Charles E. Harris & Associates, Inc.
July 25, 2018



Dave Yost • Auditor of State

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

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 2, 2018**