



**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF ALLEN, AUGLAIZE AND HARDIN COUNTIES**

ALLEN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MENTAL HEALTH AND RECOVERY SERVICES BOARD

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REPORT OF INDEPENDENT ACCOUNTANTS

Mental Health and Recovery Services Board
Allen, Auglaize and Hardin Counties
1541 Allentown Road, Suite B
Lima, Ohio 45805

To the Members of the Board:

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Board as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2000, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

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

JIM PETRO
Auditor of State

August 21, 2000

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$1,003,344		\$1,003,344
Intergovernmental Revenue	187,780	\$6,005,013	6,192,793
Gifts, Donations, and Bequests	3,400		3,400
Contract Services	5,241		5,241
Other Receipts	1,165		1,165
	<hr/>		<hr/>
Total Cash Receipts	1,200,930	6,005,013	7,205,943
	<hr/>		<hr/>
Cash Disbursements:			
Current:			
Salaries	203,926		203,926
Supplies	5,113		5,113
Equipment	6,941		6,941
Contracts - Repair	1,522		1,522
Grants	1,094,943	6,016,192	7,111,135
Travel	4,931		4,931
Public Employee's Retirement	37,711		37,711
Worker's Compensation	770		770
Other	133,350		133,350
	<hr/>		<hr/>
Total Disbursements	1,489,207	6,016,192	7,505,399
	<hr/>		<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(288,277)	(11,179)	(299,456)
	<hr/>		<hr/>
Other Financing Receipts/(Disbursements):			
Transfers-In	301,871		301,871
Transfers-Out		(301,871)	(301,871)
Refunds	2,724		2,724
Reimbursements	560		560
Other Sources	986		986
	<hr/>		<hr/>
Total Other Financing Receipts/(Disbursements)	306,141	(301,871)	4,270
	<hr/>		<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,864	(313,050)	(295,186)
	<hr/>		<hr/>
Fund Cash Balances, January 1	2,141,853	788,669	2,930,522
	<hr/>		<hr/>
Fund Cash Balances, December 31	<u>\$2,159,717</u>	<u>\$475,619</u>	<u>\$2,635,336</u>

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

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Agency Fund</u>
Cash Receipts:	
Fees	<u>\$12,870</u>
Total Cash Receipts	<u>12,870</u>
Cash Disbursements:	
Current:	
Other	<u>5,735</u>
Total Disbursements	<u>5,735</u>
Total Receipts Over/(Under) Disbursements	<u>7,135</u>
Fund Cash Balance, January 1	<u>57,781</u>
Fund Cash Balance, December 31	<u><u>\$64,916</u></u>

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

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Mental Health and Recovery Services Board ("the Board") of Allen, Auglaize, and Hardin Counties is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. It serves as a three county political organization whose general purpose is to provide leadership in planning for and supporting community based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on development, prevention and early intervention programming, while respecting, protecting and advocating the rights of persons as consumers of the alcohol, drug addiction and mental health services. These services are provided primarily through contracts with private and public agencies.

The Board should consist of eighteen (18) members with ten (10) members appointed by the respective county commissioners in direct proportion to the total population of the district, four members appointed by Director of Mental Health and four members appointed by the Director of Alcohol and Drug Addiction Services. The Board includes members from the legislative authorities of Allen, Auglaize and Hardin Counties as well as citizens of the District.

The Board maintains direct fiscal control over the cash balances which are maintained by the Allen County Treasurer with the Allen County Auditor serving as fiscal officer.

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

B. Basis of Accounting

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

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

C. Cash

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

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Board had the following significant Special Revenue Funds:

State Subsidy Fund - This fund receives money from the Ohio Department of Mental Health to provide Mental Health services to children and adults in the three county area.

Ohio Department of Mental Health (ODMH) Medicaid Fund - This fund receives money from the federal government and is passed through the ODMH to provide specific eligible services to Medicaid-eligible people.

Fiduciary Fund (Agency Fund)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the District is acting in an agency capacity. The District had the following significant Fiduciary Fund:

Council of Government Fund (Agency Fund) - This fund represents the remaining cash balance of the Mental Health Board of Western Ohio and monthly rental income from their building at 799 South Main Street, Lima, Ohio.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted 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. The County Budget Commission must also approve the annual appropriation measure.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Board to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipt	Variance
General	\$1,666,594	\$1,507,071	(\$159,523)
Special Revenue	6,593,515	6,005,013	(588,502)
Total	\$8,260,109	\$7,512,084	(\$748,025)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,057,474	\$1,489,207	(\$431,733)
Special Revenue	7,621,185	6,318,063	1,303,122
Total	\$8,678,659	\$7,807,270	\$871,389

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

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

2. BUDGETARY ACTIVITY (Continued)

Several funds had deficit fund balances, which indicates that revenues from other funds were used to meet the expenses of those funds in violation of Ohio Rev. Code Section 5705.10. Also, transfers of funds were made without following the required legal criteria as defined in Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16.

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions.

Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

4. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, PERS members were required to contribute 8.5% of their gross salaries. The Board was required to contribute an amount equal to 13.55% of participants' gross salaries. The Board has opted to pay the full PERS percentage contribution amount for the employees and has paid all contributions required through December 31, 1999.

5. RISK MANAGEMENT

The Board has obtained commercial insurance for the following risks:

- Commercial General Liability Coverage
- Professional Liability Coverage
- Directors and Officers Liability

The Board also participates in the County Employee Health Insurance Plan established by Allen County to account for and finance employee health benefits. The Board is included in this plan. The employee Health Care Plan is responsible for \$75,000 in claims per year per individual per year. After that, stop-loss covers up to lifetime maximum of \$1,000,000 per covered person. Further information may be obtained by contacting the Allen County Administrator, 301 North Main Street, Lima, Ohio 45801.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

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

6. CONTINGENT LIABILITIES

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

7. SUBSEQUENT EVENTS

The Board is a defendant in one lawsuit. Although the outcome of this suit is not presently determinable, counsel believes that the resolution of these matters will not materially adversely affect the Board's financial condition.

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**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

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

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Receipts</u>	<u>Disbursements</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Mental Health:</i>				
Housing Assistance Program	93.958	01-BG-HAP-FY99	\$24,492	\$33,539
	93.958	01-BG-HAP-FY00	0	\$0
Community Block Grant	93.958	01-BG01PLAN-99	27,043	26,571
	93.958	01-BG01PLAN-00	13,521	27,043
Children/Adolescent Block Grant	93.958	01-CS2-FY99	29,165	29,164
	93.958	01-CS2-FY00	14,581	29,164
Block Grant Community Support	93.958	01-BG-99-01-99	66,666	18,602
	93.958	01-BG-99-01-00	33,334	81,398
Total Block Grants for Community Mental Health Services			<u>208,802</u>	<u>245,481</u>
Social Services Block Grant	93.667	FY99	83,207	79,253
	93.667	FY00	81,349	85,303
Total Social Services Block Grant			<u>164,556</u>	<u>164,556</u>
Medical Assistance Program	93.778	FY99	407,126	384,940
	93.778	FY00	476,148	653,585
Total Medical Assistance Program			<u>883,274</u>	<u>1,038,525</u>
Total Passed Through the Ohio Department of Mental Health			<u>1,256,632</u>	<u>1,448,562</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services</i>				
Alcohol, Drug and Rehabilitation Block Grant	93.959	01-BGD-FY99	300,611	313,725
	93.959	01-BGD-FY00	138,261	291,197
Urban Minority Alcohol and Drug Addiction Services	93.959	0202930-01UMP99	56,641	83,867
	93.959	0202930-01UMP00	31,622	106,267
Total Substance Abuse Prevention and Treatment Block Grant			<u>527,135</u>	<u>795,056</u>
Medical Assistance Program	93.778	FY99	17,644	17,183
	93.778	FY00	29,630	33,954
Total Medical Assistance Program			<u>47,274</u>	<u>51,137</u>
Total Passed Through the Ohio Department of Alcohol and Drug Addiction Services			<u>574,409</u>	<u>846,193</u>
Total Federal Assistance - U.S. Department of Health and Human Services			<u>\$1,831,041</u>	<u>\$2,294,755</u>

The notes to the Schedule of Federal Awards Expenditures are an integral part of this schedule.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

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

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B— SUBRECIPIENTS

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

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

NOTE C -- MATCHING REQUIREMENTS

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



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

Mental Health and Recovery Services Board
Allen, Auglaize and Hardin Counties
1541 Allentown Road, Suite B
Lima, Ohio 45805

To the Members of the Board:

We have audited the financial statements of the Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties, (the Board), as of and for the year ended December 31, 1999, and have issued our report thereon dated August 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 1999-60202-001 and 1999-60202-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Board in a separate letter dated August 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Board in a separate letter dated August 21, 2000.

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

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

JIM PETRO
Auditor of State

August 21, 2000



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

Mental Health and Recovery Services Board
Allen, Auglaize and Hardin Counties
1541 Allentown Road, Suite B
Lima, Ohio 45805

To the Members of the Board:

Compliance

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

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

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

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the Board in a separate letter dated August 21, 2000.

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



JIM PETRO
Auditor of State

August 21, 2000

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Substance Abuse Prevention and Treatment Block Grant CFDA # 93.959 Medical Assistance Program CFDA #93.778
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Client?	No

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999
(Continued)**

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

Finding Number	1999-60202-001
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Deficit Fund Balances

Ohio Rev. Code Section 5705.10, states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. Money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a deficit fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Board had the following deficit fund balances at year end: ODMH Medicaid (\$58,149); Alcohol Federal Per Capita (\$203,195); Community Plan Block Grant (\$13,522); Child Adolescent Block Grant (\$14,583); and UMADAOP (\$114,578).

The Board and management should consider advances from the General Fund to prevent deficit fund balances. Guidance for approving and accounting for advances is included in Auditor of State Bulletin 97-003.

Finding Number	1999-60202-002
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Transfers

Ohio Rev. Sections 5705.14, 5705.15 and 5705.16, state the statutory authorization for the transfer of money between funds; and, that certain transfers may only be made by resolution adopted by the Board and after approval of the specific transfer by the Ohio Tax Commissioner and the appropriate Court of Common Pleas pursuant to Section 5705.16, Revised Code.

Transfers were made from the State Per Capita (\$69,286) and State Subsidy (\$232,585) Special Revenue Funds to the General Fund without obtaining the statutory authorization allowing said transfer to be made.

The Board and management should consider paying allowable expenses directly from these funds rather than transferring funds; and should follow the statutory requirements as provided in Revised Code Sections 5705.14, 5705.15 and 5705.16, when making transfers between funds.

3. FINDINGS FOR FEDERAL AWARDS

None

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
ALLEN, AUGLAIZE, and HARDIN COUNTIES, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1998**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-60202-001	Ohio Rev. Code Section 5705.41(D) - Prior Certification of expenditures	Partially corrected	The Director of Finance began using the Request for Purchase Order forms to indicate the effective date on which the availability of funds was certified per Mental Health Board records. It was also determined that the prior certification problems were due to timing only and there were adequate funds appropriated and on hand to cover those transactions.
1998-60202-002	45 CFR § 92.40 - Subrecipient Monitoring	Partially corrected	All sub-recipients have an audit or agreed upon procedures conducted. Also the Board receives monthly breakdowns by account from the contracted providers showing their expenditures. Based upon these factors, a management letter recommendation was issued to periodically review some expenditures at the invoice level.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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MENTAL HEALTH AND RECOVERY SERVICES BOARD

ALLEN 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 12, 2000**