

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES**

WAYNE COUNTY

SINGLE AUDIT

JULY 1, 2012 – JUNE 30, 2013





Dave Yost • Auditor of State

Members of the Board
Mental Health and Recovery Board of Wayne and Holmes Counties
1985 Eagle Pass
Wooster, Ohio 44691

We have reviewed the *Independent Auditor's Report* of the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County, prepared by Wilson, Shannon & Snow, Inc., for the audit period July 1, 2012 through June 30, 2013. 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 Mental Health and Recovery Board of Wayne and Holmes 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

December 9, 2013

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**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Mental Health and Recovery Board
of Wayne and Holmes Counties
Wayne County
1985 Eagle Pass
Wooster, Ohio 44691

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County, (the Board) as of and for the fiscal year ended June 30, 2013.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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 1 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Wilson, Shannon & Snow, Inc.

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The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 June 30, 2013, or changes in financial position thereof for the fiscal 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 of the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County, as of June 30, 2013, and its cash receipts and disbursements for the fiscal year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole. The federal awards expenditure schedule presents additional analysis 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. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subjected to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 November 14, 2013, 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.

Wilson, Shuman & Snow, Inc.

November 14, 2013
Newark, Ohio

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - GOVERNMENTAL FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Governmental Fund Type</u>
	General
Cash Receipts:	
Property Tax and Other Local Taxes	\$2,736,141
Intergovernmental	3,614,706
Other	289,183
	6,640,030
Cash Disbursements:	
Personnel	411,619
Consultants	92,816
Miscellaneous	206,805
Contract Services	5,694,734
Contract Services Stimulus	52,814
Resource VRP3 Vocational Grant	75,337
Mental Health and AOD Medicaid	150,693
State Hospital	75,201
	6,760,019
Total Cash Receipts Under Cash Disbursements	(119,989)
Fund Cash Balance, July 1	3,693,535
Fund Cash Balance, June 30	\$3,573,546
Fund Cash Balance, June 30	
Assigned	\$1,430,101
Unassigned	2,143,445
Fund Cash Balance, June 30	\$3,573,546

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

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Intergovernmental	\$732,870
Miscellaneous	46,382
	779,252
Total Operating Cash Receipts	779,252
Operating Cash Disbursements:	
Contractual Services	831,915
	831,915
Total Operating Cash Disbursements	831,915
Net Cash Receipts Under Cash Disbursements	(52,663)
Fund Cash Balance, July 1	1,048,382
Fund Cash Balance, June 30	\$995,719

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

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County, Ohio (the Board), as a body corporate and politic. The Board primarily provides mental health, drug addiction, alcohol, and community services to the residents of the two counties, primarily through contracts with not-for-profit agencies. The Board member composition includes citizens appointed as follows:

- a. Seven (7) by the Wayne County Commissioners;
- b. Three (3) by the Holmes County Commissioners;
- c. Four (4) by the Director of the Ohio Department of Mental Health;
- d. Four (4) by the Director of the Ohio Department of the Alcohol and Drug Addiction Services.

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

B. Basis of Accounting

The financial statement follows the basis of accounting the Auditor of State prescribes or permits. 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash

As required by the Ohio Revised Code, the Wayne County Treasurer is custodian for the Board's cash. The County's cash and investment pool holds the Board's cash, valued at the County Treasurer's carrying amount.

D. Fund Accounting

The Board uses fund accounting to segregate cash that is restricted as to use. The Board classifies its fund into the following type:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Fiduciary Fund

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Board's own programs.

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 Wayne County Family and Children First Council (the Council) of which the Board serves as Administrative Agent. Operations of the Council are controlled by an Oversight Committee which the Board's Executive Director serving on the Executive Council.

E. Budgetary Process

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

1. 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of the 2013 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

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

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Intergovernmental Revenues

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Board's cash basis method of accounting.

H. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

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.

I. 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.

2. BUDGETARY ACTIVITY

Budgetary activity for the fiscal year ended 2013 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,336,951	\$6,640,030	(\$696,921)
Agency	757,660	779,252	21,592
Total	\$8,094,611	\$7,419,282	(\$675,329)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,180,209	\$7,673,491	\$506,718
Agency	1,592,640	1,000,848	591,792
Total	\$9,772,849	\$8,674,339	\$1,098,510

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

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

4. NOTE RECEIVABLE

On January 29, 2010 the Board executed a promissory note with the Outreach Community Living Services Center, Inc. (the Center) in the amount of \$272,587 with an interest rate of 0%, for the purpose of repaying advances received in prior years. Repayment terms were established as follows: 1) 12 monthly payments of \$100 each commencing February 5, 2010; 2) 6 monthly payments of \$500 each commencing February 5, 2011; 3) 357 monthly payments of \$750; and 4) 1 final monthly payment of \$637. The promissory note is collateralized by a mortgage lien on two of the Center's existing properties.

The balance of the promissory note at June 30, 2013 is \$265,037. The Board has allowed the Center to make payments which may be less than the amount due per the established agreement.

5. RETIREMENT SYSTEMS

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. For 2013, OPERS members contributed 7% of their gross salaries and the Board contributed an amount equaling 17% of participants' gross salaries. The Board has paid all contributions required through June 30, 2013.

6. RISK MANAGEMENT

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland Marine; and
- Errors and omissions.

The Board also provides health, dental and life insurance through a private carrier.

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(CONTINUED)**

7. CONTINGENT LIABILITIES

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.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Federal Grantor / Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Health:</i>			
Special Education-Grants for Infants & Families - Help Me Grow	08510021HG0413	84.181	\$ 51,135
Special Education-Grants for Infants & Families - Help Me Grow	08510021HG0312	84.181	<u>32,299</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>83,434</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through Office of Juvenile Justice and Delinquency Prevention:</i>			
Second Chance Act Juvenile Offender Reentry Program for Planning and Demonstration Projects	2011-CZ-BX-0003	16.812	<u>24,998</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>24,998</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Mental Health:</i>			
Social Services Block Grant	N/A	93.667	97,285
Block Grants for Community Mental Health Services	N/A	93.958	<u>100,108</u>
<i>Total Passed Through Ohio Department of Mental Health</i>			<u>197,393</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Substance Abuse and Mental Health Services_Projcts of Regional and National Significance	N/A	93.243	20,000
Block Grants for Prevention and Treatment of Substance Abuse	85-10039-CMMCO-P-12/13-0032 85-10039-PAWP-12/13-0204 85-10039-WOMENT-T-12/13-8997 85-10039-YMENT-P-12/13-0017	93.959	698,506
<i>Total Passed Through Ohio Department of Alcohol and Drug Addiction Services</i>			<u>718,506</u>
<i>Passed Through Ohio Department Health:</i>			
Maternal and Child Health Services Block Grant to States	08510021MC0613	93.994	41,779
Maternal and Child Health Services Block Grant to States	08510011MC0512	93.994	<u>19,357</u>
Total Maternal and Child Health Services Block Grant to States			<u>61,136</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>977,035</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,085,467</u>

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

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUBRECIPIENTS

The Board passes certain federal awards received from the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) and the Ohio Department of Mental Health (ODMH) to other governments or not-for-profit agencies (subrecipients). As Note A 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 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.



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

Mental Health and Recovery Board
of Wayne and Holmes Counties
Wayne County
1985 Eagle Pass
Wooster, Ohio 44691

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 Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County (the Board) as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements and have issued our report thereon dated November 14, 2013, wherein we noted the Board followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America.

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.

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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*.

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.

Wilson, Shanna & Son, Inc.

November 14, 2013
Newark, Ohio



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Mental Health and Recovery Board
of Wayne and Holmes Counties
Wayne County
1985 Eagle Pass
Wooster, Ohio 44691

To the Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Mental Health and Recovery Board of Wayne and Holmes Counties' major federal program for the fiscal year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Board's major federal program.

Management's Responsibility

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

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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 the Board's major program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on the Major Federal Program

In our opinion, the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County complied, in all material respects with the compliance requirements referred to above that could directly and materially affects its major federal program for the fiscal year ended June 30, 2013.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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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 OMB Circular A-133, 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, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2013-01.

The Board's response to the internal control over compliance finding we identified is described in the accompanying schedule of findings. We did not audit the Board's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Wilson, Sherman & Snow, Inc.

November 14, 2013
Newark, Ohio

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	GAAP – Adverse Regulatory – Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for each major federal program?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in its internal control for each major federal program?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Block Grants for Prevention and Treatment of Substance Abuse (SAPT), CFDA 93.959
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

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

JUNE 30, 2013

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2013-01
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Accuracy of the Federal Awards Expenditures Schedule – Significant Deficiency

Office of Management and Budget (OMB) Circular A-133 Subpart C, §.310(b) Federal Awards Expenditures Schedule states that the auditee shall prepare a Federal Awards Expenditure Schedule (the Schedule) for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the Schedule shall:

1. List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For Research & Development grants, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
2. For Federal awards received as a sub-recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
3. Provide total Federal awards expended for each individual Federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.
4. Include notes that describe the significant accounting policies used in preparing the Schedule.
5. To the extent practical, pass-through entities should identify in the Schedule the total amount provided to sub-recipients from each Federal program.
6. Include, in either the Schedule or a note to the Schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the Schedule.

We identified the following adjustments to the Board's fiscal year 2013 Federal Awards Expenditures Schedule:

- Contrary to the memorandum sent to all entities which receive VRP3 funds on December 6, 2012 by the Ohio Department of Rehabilitation Services, the Board incorrectly included Rehabilitation Services – Vocational Rehabilitation Grants to States federal expenditures totaling \$49,116, CFDA #84.126.
- Audit adjustments of \$83,434 and \$61,136 were necessary to properly present federal expenditures associated with the proper pass-through entity number for the Special Education – Grants for Infants & Families – Help Me Grow, CFDA #84.181, and the Maternal and Child Health Services Block Grant to States, CFDA #93.994, respectively.
- The Board incorrectly identified the CFDA number for the Second Chance Act Juvenile Offender Reentry Program for Planning and Demonstration Projects as CFDA #16.803 instead of CFDA #16.812.

**MENTAL HEALTH AND RECOVERY BOARD
OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
JUNE 30, 2013**

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2013-01 (Continued)
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Accuracy of the Federal Awards Expenditures Schedule – Significant Deficiency (Continued)

- An audit reclassification of \$20,000 was necessary to properly present Substance Abuse and Mental Health Services-Projects of Regional and National Significance, CFDA #93.243, contrary to the Board’s presentation as Block Grants for Prevention and Treatment of Substance Abuse, CFDA #93.959.

The adjustments identified above totaled \$144,570.

To reduce the risk of inaccurate reporting of Federal expenditures and noncompliance with OMB Circular A-133, Subpart C, §__.310(b), we recommend the Schedule be reviewed after preparation and tied to the underlying accounting records for completeness and accuracy.

Official’s Response: The Board will implement the recommendation of the auditor and undertake a higher level of review of the Federal Awards Expenditures Schedule to help ensure the accuracy of the original un-audited report.

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Dave Yost • Auditor of State

MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES

WAYNE 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
DECEMBER 19, 2013**