

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

CRAWFORD AND MARION COUNTIES, OHIO

AUDIT REPORT

For the Year Ended December 31, 2015



Dave Yost • Auditor of State

Board Members

Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties
907 North Sandusky Avenue
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, 2015 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 26, 2016

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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, 2015

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INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties (the Board) as of and for the year ended December 31, 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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(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, 2015, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties as of December 31, 2015, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2016, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 9, 2016

**BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
CRAWFORD AND MARION COUNTIES, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2015**

	Governmental Fund Types		Total - (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Taxes	\$ 1,406,118	-	\$ 1,406,118
Intergovernmental	306,828	-	306,828
State Grants	1,359,980	-	1,359,980
Federal Grants	2,000	\$ 650,121	652,121
Charges for Services	-	63,150	63,150
Reimbursements	16,374	-	16,374
Miscellaneous	18,169	14,808	32,977
Total Cash Receipts	3,109,469	728,079	3,837,548
Cash Disbursements:			
Salaries	258,589	62,502	321,091
Benefits	36,475	12,369	48,844
Supplies	23,958	789	24,747
Contracts - Services	2,448,386	667,594	3,115,980
Travel	10,871	3,350	14,221
Public Employee's Retirement	44,786	8,592	53,378
Worker's Compensation	1,655	415	2,070
Communications	3,922	-	3,922
Utilities	23,075	-	23,075
Other	68,062	-	68,062
Total Cash Disbursements	2,919,779	755,611	3,675,390
Total Cash Receipts Over/(Under) Cash Disbursements	189,690	(27,532)	162,158
Other Financing Sources/(Uses):			
Advances-In	-	108,733	108,733
Advances-Out	(108,733)	-	(108,733)
Total Other Financing Sources/(Uses)	(108,733)	108,733	-
Excess of Cash Receipts and Other Financing Sources Over Cash Disbursements and Other Financing Uses	80,957	81,201	162,158
Fund Balance, January 1, 2015	3,715,123	331,499	4,046,622
Fund Cash Balance December 31, 2015			
Restricted	-	433,059	433,059
Assigned	367,275	-	367,275
Unassigned	3,428,805	(20,359)	3,408,446
Fund Balance, December 31, 2015	\$ 3,796,080	\$ 412,700	\$ 4,208,780

See accompanying Notes to the Financial Statements.

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

**Notes To The Financial Statements
For The Year Ended December 31, 2015**

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 Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties, (the Board) as a body corporate and politic. A fourteen-member Board is the governing body. The Board's Director and the legislative authorities of the political subdivisions making up the Board appoint the other Board members. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are the Ohio Department of Mental Health and Addiction Services and the 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.

B. Accounting Basis

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.

C. 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.

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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

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

**Notes To The Financial Statements
For The Year Ended December 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

D. Fund Accounting – (continued)

2. Special Revenue Funds

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

SAPT Block Grant Fund – This fund receives monies for planning, carrying out and evaluating activities to prevent and treat substance abuse.

E. Budgetary Process

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

1. Appropriations

Budgetary disbursements (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.

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 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 2015 budgetary activity appears in Note 2.

F. 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.

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

**Notes To The Financial Statements
For The Year Ended December 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

F. Fund Balance – (continued)

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

The Board can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Board 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 the 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.

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.

G. Property, Plant, and Equipment

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

H. 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.

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

**Notes To The Financial Statements
For The Year Ended December 31, 2015**

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,482,507	\$3,109,469	(\$373,038)
Special Revenue	694,878	836,812	141,934

2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$3,825,756	\$3,395,787	\$429,969
Special Revenue	854,206	832,739	21,467

3. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2015, 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, 2015.

4. PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the areas served by the Board. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Crawford and Marion Counties Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the Board was completed in 2010 with a triennial update being completed for 2013. The next revaluation is set for 2016.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Crawford and Marion Counties Treasurer collects property taxes on behalf of the Board. The Crawford and Marion Counties Auditor remits the collected taxes to the Board. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

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

**Notes To The Financial Statements
For The Year Ended December 31, 2015**

5. RISK MANAGEMENT

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Commercial Crime; and
- Errors and omissions.

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

The Board also provides health insurance and dental coverage to full-time employees through the County's provider.

6. 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.

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

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

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Board of Alcohol, Drug Addiction and Mental Health Services, Crawford and Marion Counties, (the Board) as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated June 9, 2016, wherein we noted the Board followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Board of Alcohol, Drug Addiction and Mental Health Services
Crawford and Marion Counties
Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards*
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We did note certain matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated June 9, 2016.

Purpose of this Report

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



Charles E. Harris and Associates, Inc.

June 9, 2016

BOARD OF ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
Crawford and Marion Counties
Schedule of Prior Audit Findings
December 31, 2015

The prior report, for the year ending December 31, 2014, reported no material citations or recommendations.



Dave Yost • Auditor of State

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

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 9, 2016**