



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD OF  
LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY  
JUNE 30, 2023**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties  
Logan County  
1521 North Detroit Street  
P.O. Box 765  
West Liberty, Ohio 43357

To the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties:

### **Report on the Audit of the Financial Statement**

#### ***Unmodified and Adverse Opinions***

We have audited the financial statement of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties, Logan County, Ohio (the Board), which comprises the cash balance, receipts and disbursements for the governmental fund as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statement.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the cash balance, receipts and disbursements as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statement, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

#### ***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* section of our report, the accompanying financial statement does 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, 2023, or the change in financial position thereof for the fiscal year then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statement, the financial statement is prepared by the Board on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statement 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 and pervasive.

***Responsibilities of Management for the Financial Statement***

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statement***

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Supplementary Information***

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

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

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statement. We subjected this schedule to the auditing procedures we applied to the financial statement. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures 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 statement as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 15, 2024

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**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD OF  
LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGE IN FUND BALANCE (CASH BASIS)  
GENERAL FUND**

**For the Fiscal Year Ended June 30, 2023**

**Cash Receipts**

Property Taxes	\$	1,593,669
Intergovernmental		3,612,148
Rental Receipts		74,791
Contributions		39,027
Miscellaneous		44,911
<i>Total Cash Receipts</i>		5,364,546

**Cash Disbursements**

Salaries		358,347
Benefits		204,119
Purchased services		4,513,726
Dues and memberships		11,790
Board operations		101,622
Supplies and materials		27,003
Rental		5,948
Advertising and printing		8,749
Contract labor		129,946
Travel and training		12,616
Professional fees		10,701
Repairs		13,830
<i>Total Cash Disbursements</i>		5,398,397

**Net Change in Fund Cash Balance** (33,851)

**Fund Cash Balance - July 1** 3,391,210

**Fund Cash Balance - June 30** \$ 3,357,359

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

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**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD  
OF LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**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, Drug and Alcohol Services Board of Logan and Champaign 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 Logan and Champaign Counties. Those subdivisions are Director of the Ohio Department of Mental Health and Addiction Services and the County Commissioners of Logan and Champaign Counties. The Board provides alcohol, drug addiction and mental health services and programs to citizens of Logan and Champaign Counties. Private and public agencies are the primary service providers, through Board contracts.

The Board's management believes the financial statement presents all activities for which the Board is financially accountable.

**B. ACCOUNTING BASIS**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

**C. DEPOSITS AND INVESTMENTS**

As required by the Ohio Revised Code, the Champaign County Treasurer is custodian for the Board's deposits. The County's cash and investment pool holds all of the Board's assets, valued at the County Treasurer's reported carrying amount.

**D. BASIS OF PRESENTATION**

The Board's financial statement consists of a statement of cash receipts, cash disbursements, and change in fund balance (cash basis).

**E. FUND ACCOUNTING**

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Board reports only a General fund, which is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD  
OF LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. BUDGETARY PROCESS**

The Ohio Revised Code requires the Board to adopt a budget for the General fund annually, as follows.

**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.

**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 fiscal year-end are carried over, and need not be re-appropriated.

A summary of 2023 budgetary activity appears in Note 2.

**G. 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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Board.

**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.

**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD  
OF LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3. COMMITTED**

The Board can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Board amends 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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**5. UNASSIGNED**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications.

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. For regulatory purposes, limited disclosure related to fund balances is included in Note 10.

**H. CAPITAL ASSETS**

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

**I. ACCUMULATED LEAVE**

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

**J. DEBT**

The Board has non-interest bearing debt with the Ohio Department of Mental Health and Addiction Services. The financial statement does not report a liability for this debt.

**K. LEASES**

The Board is the lessor/lessee in various leases (as defined by GASB 87) related to buildings and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD  
OF LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the fiscal year ending June 30, 2023 follows:

2023 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,675,396	\$5,364,546	(\$310,850)

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,448,860	\$5,846,843	\$602,017

**3. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the area of the Board.

Logan and Champaign Counties are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

**4. DEFINED BENEFIT PENSION PLAN**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Board contributed an amount equaling 14% of participants' gross salaries. The Board has paid all contributions (\$55,810) required through June 30, 2023.

**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD  
OF LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)**

**5. RISK MANAGEMENT**

**COMMERCIAL INSURANCE**

The Board has obtained commercial insurance for the following risks:

- Director and Officer Insurance;
- Comprehensive property and general liability;
- Bond insurance, and;
- Errors and omissions.

There was no reduction in the level of coverage during the fiscal year and settled claims have not exceeded insurance coverage in any of the past three fiscal years.

**6. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow in future periods. However, based on prior experience, management believes any refunds would be immaterial to its financial statement as of June 30, 2023.

**7. POST-EMPLOYMENT BENEFITS**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2022 and 2023. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2022 and 2023.

**8. LONG-TERM OBLIGATIONS**

The Board has entered into eleven non-interest bearing mortgage agreements with the Ohio Department of Mental Health and Addiction Services. In accordance with the mortgage agreements, the loans are forgiven by the State of Ohio over a period of 30 or 40 years, under the condition that the facilities are used exclusively for the purpose of providing mental health services.

**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD  
OF LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)**

**8. LONG-TERM OBLIGATIONS (CONTINUED)**

Long term obligations as of June 30, 2023, consist of the following:

Mortgage	Original Loan Balance	Monthly Installments	Expiring	Balance 2023
MHAS	\$818,084	\$1,707	November 2033	\$211,363
MHAS	125,000	261	September 2035	38,072
MHAS	154,488	285	August 2041	66,426
MHAS	208,512	473	April 2042	101,298
MHAS	76,000	159	August 2043	38,156
MHAS	213,750	446	November 2049	140,727
MHAS	180,000	501	April 2043	118,606
MHAS	53,500	149	April 2044	37,149
MHAS	53,500	149	April 2044	37,149
MHAS	100,000	278	March 2045	72,483
MHAS	95,000	264	September 2045	70,454
Non-Interest Bearing				<u>\$931,883</u>
Total MHAS Forgiven:				\$56,038

Principal amounts of long-term obligations are expected to be forgiven for the following periods:

Period Ending:	
June 30, 2024	\$56,040
June 30, 2025	56,040
June 30, 2026	56,040
June 30, 2027	56,040
June 30, 2028	56,040
June 30, 2029 - June 30, 2033	280,199
June 30, 2034 - June 30, 2038	174,916
June 30, 2039 - June 30, 2043	146,675
June 30, 2044 - June 30, 2048	42,780
June 30, 2049 - June 30, 2050	7,113
	<u>\$931,883</u>

\*Amounts may vary year to year

Principal forgiven by the Ohio Department of Mental Health and Addiction Services during the fiscal year ended June 30, 2023, totaled \$56,038.



**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD  
OF LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(Continued)**

**9. RENTAL RECEIPTS**

The Board has entered into a lease as lessor for the property located at Mental Health Center at 1521 N. Detroit Street, West Liberty, Ohio with TCN Behavioral Health Services (TCN), a funded agency of the Board. Rental receipts for the fiscal year ended June 30, 2023, totaled \$74,791, of which TCN paid \$32,825

**10. FUND BALANCE**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary controls and accountability and to facilitate effective cash planning and control. At fiscal year end the balance of these amounts were as follows:

<u>Fund Balance</u>	<u>General</u>
Outstanding Encumbrances	<u>\$448,446</u>

In the General Fund, outstanding encumbrances are considered assigned.

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**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD OF LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30,2023**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Assistance Listing Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Direct</i>				
Continuum of Care Program:	14.267			
Logan/Champaign Housing		N/A	\$ 84,251	\$ 84,251
Madraver/Park Street		N/A	45,137	45,137
Family Housing		N/A	131,836	131,836
Total Continuum of Care Program			<u>261,224</u>	<u>261,224</u>
Total U.S. Department of Housing and Urban Development			<u><b>261,224</b></u>	<u><b>261,224</b></u>
<b>U.S. DEPARTMENT OF TREASURY</b>				
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
COVID-19 Coronavirus Relief Fund	21.019	N/A	-	25,236
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	24,164
Total U.S. Department of Treasury			<u>-</u>	<u><b>49,400</b></u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	N/A	27,581	31,581
Social Services Block Grant	93.667	N/A	52,730	52,730
Opioid STR:	93.788			
SOR 2.0 Local Projects		2200469	189,962	210,721
SOR 2.0 CO Local Projects		2200768	58,240	85,240
SOR 2.0 NCE Local Projects		2300712		20,313
SOS Board Partnerships		2300636	436,729	459,138
SOR 2.0 Overdose Awareness Day		2300446		8,569
Total Opioid (STR):			<u>684,931</u>	<u>783,981</u>
Block Grants for Community Mental Health Services	93.958	N/A	59,688	59,688
Block Grants for Prevention and Treatment of Substance Abuse:	93.959			
Crisis Infrastructure		N/A	4,741	87,119
Treatment Per Capita		N/A	200,135	200,135
Prevention Per Capita		N/A	62,054	62,054
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>266,930</u>	<u>349,308</u>
Total U.S. Department of Health and Human Services			<u><b>1,091,860</b></u>	<u><b>1,277,288</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 1,353,084</b></u>	<u><b>\$ 1,587,912</b></u>

The accompanying notes are an integral part of this schedule.

**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD OF  
LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties (the Board) under programs of the federal government for the fiscal year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or change in net position of the Board.

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - SUBRECIPIENTS**

The Board passes certain federal awards received from the Ohio Department of Mental Health and Addiction Services and U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Board reports expenditures of Federal awards to subrecipients on the cash basis of accounting. 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 E - MATCHING REQUIREMENTS**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties  
Logan County  
1521 North Detroit Street  
P.O. Box 765  
West Liberty, Ohio 43357

To the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statement of the cash balance, receipts, and disbursements for the governmental fund as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statement of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties, Logan County, (the Board) and have issued our report thereon dated April 15, 2024, wherein we noted the Board followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Board's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

April 15, 2024

# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
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800-282-0370

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

Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties  
Logan County  
1521 North Detroit Street  
P.O. Box 765  
West Liberty, Ohio 43357

To the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties:

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties', Logan County, (the Board) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties' major federal program for the fiscal year ended June 30, 2023. Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties' major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2023.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The Board's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 15, 2024

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**MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD OF  
LOGAN AND CHAMPAIGN COUNTIES  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2023**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, Unmodified under the regulatory basis
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Opioid STR (AL #93.788)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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# OHIO AUDITOR OF STATE KEITH FABER



**MENTAL HEALTH, DRUG & ALCOHOL SERVICES BOARD OF LOGAN AND CHAMPAIGN  
COUNTIES**

**LOGAN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/2/2024**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)