



COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES

SINGLE AUDIT

FOR FISCAL YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE
STATE OF OHIO

COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES

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REPORT OF INDEPENDENT ACCOUNTANTS

Community Mental Health and Recovery Board
Licking and Knox Counties
100 McMillan Drive
Newark Ohio, 43055

To the Board Members:

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserve for encumbrances of the Community Mental Health and Recovery Board, Licking and Knox Counties, Ohio as of December 31, 1999, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

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

Community Mental Health and Recovery Board
Licking and Knox County
Report of Independent Accountant
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2000 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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



JIM PETRO
Auditor of State

July 26, 2000

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

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

	<u>Governmental Fund Types</u>		<u>Totals</u> <u>(Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Taxes	\$2,657,788	\$0	\$2,657,788
Intergovernmental Revenue	8,255,593	0	8,255,593
Other Receipts	347,104	17,385	364,488
 Total Cash Receipts	 11,260,485	 17,385	 11,277,870
Cash Disbursements:			
Current:			
Salaries	418,013	0	418,013
Supplies	6,210	0	6,210
Equipment	6,001	0	6,001
Contracts - Repair	7,461	0	7,461
Contracts - Services	11,578,857	0	11,578,857
Medicare	3,929	0	3,929
Rentals	31,059	0	31,059
Travel	12,779	0	12,779
Public Employee's Retirement	53,582	0	53,582
Worker's Compensation	2,809	0	2,809
Hospitalization	23,244	0	23,244
Other	87,932	0	87,932
Capital Outlay	0	173,735	173,735
 Total Disbursements	 12,231,876	 173,735	 12,405,611
 Total Receipts Over/(Under) Disbursements	 (971,391)	 (156,350)	 (1,127,741)
Other Financing Receipts/(Disbursements):			
Reimbursements	285,627	0	285,627
Other Sources	219,725	0	219,725
 Total Other Financing Receipts/(Disbursements)	 505,352	 0	 505,352
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (466,040)	 (156,350)	 (622,390)
 Fund Cash Balances, January 1	 2,034,185	 159,239	 2,193,424
 Fund Cash Balances, December 31	 \$1,568,145	 \$2,889	 \$1,571,034
 Reserve for Encumbrances, December 31	 \$82,006	 \$0	 \$82,006

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

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**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Community Mental Health and Recovery Board, Licking and Knox Counties, Ohio, (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is directed by an eighteen-member Board. Board members are appointed by the Board's Director and the legislative authorities of the political subdivisions making up the Board. The Board includes members from those legislative authorities as well as citizens of the Board. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. These services are provided primarily through contracts with private and public agencies.

The Board also assists in the administration and accounting for the Licking/Knox Family and Children First program. Such program activity is reflected in the accompanying financial statements as part of the General Fund.

The Licking County Auditor serves as fiscal agent for the Board.

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

B. Basis of Accounting

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

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

C. Cash

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

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

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

2. Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Board had the following significant Capital Project Fund:

Main Street Center Project Fund- This is for the development of an addition at the Mound Builders Guidance Center.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Board did not encumber all commitments required by Ohio law.

A summary of 1999 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Unpaid Vacation and Sick Leave

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

2. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$12,952,662	\$11,765,837	(1,186,825)
Capital Projects	<u>28,480</u>	<u>17,385</u>	<u>(11,095)</u>
Total	<u><u>\$12,981,142</u></u>	<u><u>\$11,783,222</u></u>	<u><u>(1,197,920)</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$12,957,876	\$12,313,882	(643,994)
Capital Projects	<u>187,719</u>	<u>173,735</u>	<u>13,984</u>
Total	<u><u>\$13,145,595</u></u>	<u><u>\$12,487,617</u></u>	<u><u>(657,978)</u></u>

The above budgetary data was provided by the Licking County auditor as the Board's fiscal agent.

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

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

3. PROPERTY TAX (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

4. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 13.55% of participants' gross salaries. The Board has paid all contributions required through December 31, 1999.

5. RISK MANAGEMENT

The Board is uninsured for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Board also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

6. CONTINGENT LIABILITIES

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

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

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

PROGRAM NAME	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
Passed through Ohio Department of Alcohol and Drug Addiction Services:			
Safe and Drug-Free Schools and Communities	84.186	45-45773-01-DFS-P-99-9112	\$45,838
State Gant		45-45506-02-DFS-P-99-9641	127,185
		45-45030-01-DFS-P-99-9921	23,062
		45-45995-02-DFS-P-99-9844	36,540
Total Safe and Drug-Free Schools and Communities State Grant			232,625
TOTAL U.S. DEPARTMENT OF EDUCATION			232,625
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through the Ohio Department of Mental Health			
Block Grant for Community Mental Health Services	93.958	BG-26-01	1,223,061
Social Services Block Grant	93.667	MH-26-02	126,681
Medical Assistance Program	93.778	MC-26-02	1,985,605
Passed through the Ohio Department of Alcohol and Drug Addiction Services:			
Block Grant for Prevention and Treatment of Substance	93.959	45-45723-01-W-P-99-9044	34,734
		45-45579-01-W-T-99-9923	99,071
		45-45660-01-W-T-98-9047	33,728
		45-45506-01-DCAR-P-99-9839	83,844
		45-45506-01-DCAR-P-99-9839	574,187
Total Block Grant for Prevention and Treatment of Substance			825,564
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			4,160,911
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$4,393,536

The accompanying notes are an integral part of this schedule.

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

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

NOTE A- SIGNIFICANT ACCOUNTING POLICIES

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

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



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

Community Mental Health and Recovery Board
Licking and Knox Counties
100 McMillan Drive
Newark, Ohio 43055

To the Board Members:

We have audited the financial statements of Community Mental Health and Recovery Board, Licking and Knox Counties, Ohio, (the Board) as of and for the year ended December 31, 1999 and have issued our report thereon dated July 26, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings, as item 1999-60645-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Board in a separate letter dated July 26, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings, as item 1999-60645-002.

Community Mental Health and Recovery Board
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Licking and Knox Counties
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above to be a material weakness. We also noted a matter involving the internal control over financial reporting, which we have reported to management in a separate letter date July 26, 2000.

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



JIM PETRO
Auditor of State

July 26, 2000



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

Community Mental Health and Recovery Board
Licking and Knox Counties
100 McMillan Drive
Newark, Ohio 43055

To the Board Members:

Compliance

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

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

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

Internal Control Over Compliance

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

Community Mental Health and Recovery Board
Report on Compliance With Requirements Applicable to Each Major
Federal Program and Internal Control Over Compliance
In Accordance With OMB Circular A-133
Licking and Knox Counties
Page 2

We noted certain matters involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design and operation of the internal control over compliance that, in our judgement, could adversely affect the Board's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings as item 1999-60645-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not material weaknesses.

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



JIM PETRO
Auditor of State

July 26, 2000

**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Medical Assistance Program CFDA # 93.778 Community Mental Health Services Block Grant CFDA #93.958
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Finding Number	1999-60645-001
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Fiscal Officer Certifying the Funds

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1999
(Continued)

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

Finding Number	1999-60645-001 (Continued)
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This section also provides an exception to the above requirement:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board with the issuance of a certificate.

Twenty- percent of disbursements tested did not contain the required certificate of the fiscal officer at the time the obligation was incurred. The fiscal officer did not issue "Then and Now Certificates" for these payments, as allowable under Ohio Rev. Code Section 5705.41(D).

We recommended that the fiscal officer certify the funds at the time the commitment is incurred as required by law.

Finding Number	1999-60645-002
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Reconciling Board Financial Activity to that Reported by the Fiscal Agent

The Board maintains departmental financial records, account and ledger for their summarization of Board financial activity prepared for the twelve month period ending both June 30 and December 31. The fiscal agent, Licking County Auditor, also maintains financial records, accounts and ledgers detailing the same Board activity for the twelve month period ending December 31. But the County reports all this activity in a single fund with no distinction of federal, state and local monies by fund, program type or source.

The Board was unable to reconcile their documented financial activity summarized in the records, accounts and ledgers at December 31 to the financial activity reported by the fiscal agent, since all data from June 1, 1999 through December 31, 1999 was not input into the Board's accounting system. As a result, the Board could not reconcile the financial activities of the Board to that of the fiscal agent. This hindered the Board's ability to ensure all federal, state and local monies received by the fiscal agent was properly accounted for by fund, program type and source. The previous six months the Board did prepare a monthly reconciliation but did not identify the cause of any variance discovered. It is important the Board be able to distinguish federal, state and local receipts to ensure their compliance with applicable regulations for its use and to report accurately to the providing agencies.

The Board should prepare periodic reconciliations between the financial results reported by the fiscal agent and that reported by the Board. Any discrepancies should be investigated until resolved. The Board may also wish to inquire with the County Auditor as to the feasibility of providing separate and individual funds for each federal and state program receipts and associated expenditures.

COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING AND KNOX COUNTIES

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1999
(Continued)

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

Finding Number	1999-60645-002 (Continued)
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Reconciling Board Financial Activity to that Reported by the Fiscal Agent (Continued)

We recommend that the Board implement a procedure whereby the reconciliation of the accounting records is performed on a monthly basis between the two financial data sources- the County and the Board internal financial reports. Such reconciliation must identify those differences, due to timing. Each reconciling item identified should be traced to the County's records for proper inclusion or exclusion. Also, this reconciliation should be reviewed and approved by the Board's management. This process would be facilitated if the fiscal agent would track restricted monies, specifically federal, in separate funds. We encourage the Board to work with the County to create these additional funds.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	1999-60645-003
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CFDA Title and Number	Medical Assistance Program CFDA # 93.778 Community Mental Health Services Block Grant CFDA #93.958
Federal Award Number /	MC-26-02 45-45723-01-W-P-99-9044 45-45579-01-W-T-99-9923 45-45660-01-W-T-98-9047 45-45506-01-DCAR-P-99-9839 45-45506-01-DCAR-P-99-9839
Federal Agency	U. S Department of Health and Human Services

See finding related to the financial statements required to be reported under GAGAS number 1999-60645-002; this finding is also required to be reported under OMB Circular A-133 §.505(d)(1)(2).



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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800-282-0370
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**COMMUNITY MENTAL HEALTH AND RECOVERY BOARD
LICKING 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
NOVEMBER 14, 2000**