



Dave Yost • Auditor of State



**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE, AND MADISON COUNTIES  
CLARK COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Mental Health & Recovery Board of Clark, Greene and Madison Counties  
Clark County  
1055 East High Street  
Springfield, Ohio 45505

To the Board of Directors:

### ***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 Mental Health & Recovery Board of Clark, Greene and Madison Counties, Clark County (the Board) as of and for the year ended June 30, 2016.

### ***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 June 30, 2016, 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 Mental Health & Recovery Board of Clark, Greene and Madison Counties, Clark County as of June 30, 2016 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 Matters***

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

The Schedule of Expenditures of Federal Awards presents additional analysis 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 and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. 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 statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2017, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 24, 2017

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**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property Taxes	\$ 9,303,839			\$ 9,303,839
Intergovernmental	1,299,726	\$ 3,956,462	\$ 581,235	5,837,423
Rental	558,723			558,723
Miscellaneous	73,155	36,809	167,366	277,330
Total Cash Receipts	<u>11,235,443</u>	<u>3,993,271</u>	<u>748,601</u>	<u>15,977,315</u>
<b>Cash Disbursements</b>				
<b>Current:</b>				
Salaries	1,116,059			1,116,059
Benefits	286,743			286,743
Treatment Services	8,212,340	4,111,261		12,323,601
Professional Services	146,927			146,927
Operating	45,407			45,407
Rent/Utilities	249,085			249,085
Repairs/Maintenance	33,531			33,531
Advertising/Printing	13,628			13,628
Insurance	40,449			40,449
Lease	10,104			10,104
Travel/Conference	22,894			22,894
Other	152,493			152,493
Capital Outlays	870,296		748,601	1,618,897
<b>Debt Service:</b>				
Principal Retirement	59,858			59,858
Interest and Fiscal Charges	31,686			31,686
Total Cash Disbursements	<u>11,291,500</u>	<u>4,111,261</u>	<u>748,601</u>	<u>16,151,362</u>
Excess of Receipts Over/(Under) Disbursements	<u>(56,057)</u>	<u>(117,990)</u>	<u>-</u>	<u>(174,047)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	888,500			888,500
Prior Year Refund	42,498			42,498
Transfers In	-	125,000		125,000
Transfers Out	(125,000)			(125,000)
Advances In	565,585	664,452		1,230,037
Advances Out	(664,452)	(565,585)		(1,230,037)
Total Other Financing Receipts (Disbursements)	<u>707,131</u>	<u>223,867</u>	<u>-</u>	<u>930,998</u>
Net Change in Fund Cash Balances	651,074	105,877	-	756,951
Fund Cash Balances, July 1	<u>9,991,416</u>	<u>325,049</u>		<u>10,316,465</u>
<b>Fund Cash Balances, June 30:</b>				
Restricted		430,926		430,926
Committed	430,921			430,921
Assigned	3,681,964			3,681,964
Unassigned	6,529,605			6,529,605
Fund Cash Balances, June 30	<u>\$ 10,642,490</u>	<u>\$ 430,926</u>	<u>\$ -</u>	<u>\$ 11,073,416</u>

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

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Agency Fund</u>
<b>Cash Receipts</b>	
Miscellaneous	\$ 1,230
<b>Cash Disbursements</b>	
Treatment Services	57,166
Professional Services	3,960
Travel/Conference	545
Capital Outlays	72,442
Total Cash Disbursements	<u>134,113</u>
Net Change in Fund Cash Balance	(132,883)
Fund Cash Balance, July 1	<u>587,465</u>
Fund Cash Balance, June 30	<u><u>\$ 454,582</u></u>

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

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting entity**

The Mental Health & Recovery Board of Clark, Greene and Madison Counties (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 Ohio Department of Mental Health and Addiction Services (OhioMHAS) and the legislative authorities of the counties making up the Board. Those subdivisions are the Clark, Greene and Madison County Commissioners. The Board provides alcohol, drug addiction, and mental health services and programs to citizens in Clark, Greene and Madison Counties primarily through contracts with private and public agencies.

The Clark County Auditor and the Clark County Treasurer serve respectively as fiscal officer and custodian of all public funds. 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 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).

**C. Cash**

As required by the Ohio Revised Code, the Board's cash is held and invested by the Clark County Treasurer, who acts as custodian for the 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 carrying amount. Information related to investments and credit risk can be obtained by reviewing the Clark County, Ohio financial statements.

**D. Fund Accounting**

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

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

**Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Board had the following significant special revenue funds:

OhioMHAS 505 Regular Fund – This fund accounts for funding passed through the OhioMHAS to local mental health boards to provide mental health services to members of the community.

OhioMHAS SAPT Fund – This fund accounts for funding passed through the OhioMHAS to local mental health boards to provide alcohol and drug abuse services to members of the community.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

**Capital Projects Funds** – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Board had the following significant capital projects funds:

Greene County Renovations Project Fund – This fund accounts for funding passed through the Ohio Housing Finance Agency to renovate apartments located at 1480 Anna Street complex in Fairborn, Ohio.

Clark County Cedar Street Project Fund – This fund accounts for funding passed through the City of Springfield, Ohio regarding the completion of the Cedar Street apartment complex.

**Agency Funds** – Agency funds are custodial in nature and do not involve measurement of results of operations. The Board is the custodian for the Madison County Substance Abuse Coalition, a group dedicated to increasing the awareness in the community about the misuse of legal drugs and abuse of illegal drugs, and the OhioMHAS Hot Spot funding for central Ohio Boards collaborative treatment and projects.

**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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of fiscal year 2016 budgetary activity appears in Note 2.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

**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. During fiscal year 2016, property located at 452 West Market Street, Xenia, Ohio was sold to provider agency TCN Behavioral Health Services Inc. in the amount of \$885,000. The Board's OhioMHAS forgivable loan for the sold property was transferred to Board property located at 600 Dayton Yellow Springs Road in Fairborn, Ohio. The City of Springfield gifted to the Board five parcels of land located on Cedar Street and Race Street effective October 7. Per the Clark County Auditor's Office, the total value of the gifted land is \$45,790. The land will be the future site of Cedar Street apartment complex to house individuals with severe mental illness.

**G. Unpaid vacation and sick leave**

Employees are entitled to cash payment 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 cash basis of accounting used by the Board.

**H. Interfund Transactions**

During the course of normal operations, the Board will, as necessary, transfer or advance cash between funds to meet current obligations. In 2016, net interfund transactions in the General Fund were (\$223,867).

**I. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Board must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

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

**2. Restricted**

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

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

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, assigned *amounts* represent intended uses established by Board or a Board staff 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.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the fiscal year ending June 30, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 11,302,419	\$ 12,732,026	\$ 1,429,607
Special Revenue	4,881,590	4,782,723	(98,867)
Capital Projects	748,601	748,601	
Agency		1,230	1,230
Total	<u>\$ 16,932,610</u>	<u>\$ 18,264,580</u>	<u>\$ 1,331,970</u>

2016 Budgeted vs. Actual Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$ 15,284,601	\$ 14,118,311	\$ 1,166,290
Special Revenue	5,082,772	5,082,772	
Capital Projects	748,601	748,601	
Agency	587,465	587,465	
Total	<u>\$ 21,703,439</u>	<u>\$ 20,537,149</u>	<u>\$ 1,166,290</u>

The Board did not budget for advances to and from one fund to another.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**3. LONG-TERM OBLIGATIONS**

Over the years, the Board has received numerous mortgage loans payable to fund construction or acquisition of facilities. These loans are being forgiven by the lender over 30 to 40 years, as long as the use of these facilities continues to provide the intended services for which the loans were granted. The loans are exempt from the debt limitations established by Section 5705.19 of the Ohio Revised Code.

The original balances of these loans are as follows:

Lender	Loan Number	Original Loan Amount	Balance as of 6/30/16
OhioMHAS	MH-207	\$ 1,229,396	\$ 179,318
	MH-324	99,779	24,839
	MH-364	58,146	17,263
	MH-379	128,006	40,682
	MH-409	131,000	46,957
	MH-414	225,200	79,306
	MH-519	142,500	63,833
	MH-591	437,400	218,730
	MH-636	73,500	40,117
	MH-726	94,000	57,391
City of Springfield, Ohio	MH-731	30,000	18,690
	MH-900	100,000	93,334
OHFA	n/a	302,500	302,500
	13-0134	500,000	466,666
		<u>\$ 3,551,427</u>	<u>\$ 1,649,626</u>

On July 21, 2010 the Board entered into a tax exempt debt obligation through PNC Bank. Three mortgages with Huntington National Bank and one mortgage with Chase Bank were paid in full. The refinance is for a ten year fixed rate of 4.37% with the 600 Dayton-Yellow Springs Road, Fairborn, Ohio property as collateral. The outstanding principal balance as of June 30, 2016 was \$683,470.

Future principal and interest requirements at June 30, 2016, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2017	62,874	28,662	91,536
2018	65,677	25,859	91,536
2019	68,606	22,930	91,536
2020	71,664	19,872	91,536
2021	414,649	1,514	416,163
Total	<u>\$ 683,470</u>	<u>\$ 98,837</u>	<u>\$ 782,307</u>

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date. Property tax levies have been passed in Clark, Greene and Madison Counties. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County in February. If the property owner elects to pay semiannually, the first half is due in February. The second half payment is due in July.

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

The respective counties are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

**5. RETIREMENT SYSTEM**

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 the period July 1, 2015 to June 30, 2016 PERS members contributed 10% of their gross salaries and the Board contributed an amount equal to 14% of participants' gross salaries. The Board has paid all contributions required through June 30, 2016. See the financial report of Clark County, Ohio, for a complete pension disclosure.

**6. DEFERRED COMPENSATION PROGRAMS**

Employees of the Board have the option to participate in either, or both, the Ohio Public Employees Deferred Compensation Program or the County Commissioners Association of Ohio Deferred Compensation Plan. Both of these programs are deferred compensation plans under Internal Revenue Code section 457. Employees may elect to defer a portion of their pay until a later date, normally retirement.

**7. RISK MANAGEMENT**

The Board has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability
- Employee Practice and Dishonesty
- Employer Liability
- Director and Officers Liability

The Board also provides health insurance and dental coverage to full-time employees through a private carrier. There was no reduction in the level of coverage during the year.

**8. CONTINGENCIES**

The Board receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. 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.



**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30,2016**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Award Year</b>	<b>Pass Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
<i>Passed Through Ohio Department of Mental Health and Addiction Services:</i>					
Social Services Block Grant	93.667	2016	N/A		\$210,428
Block Grants for Prevention and Treatment of Substance Abuse:					
RCI/Womens Recovery Center		2016	12-1123-WOMENS-T-16-9045	\$ 262,066	262,066
McKinley Hall's women and Children's Program		2016	12-1039-WOMENS-T-16-9925	137,660	137,660
Youth-Led		2015	N/A	4,504	4,504
		2016	N/A		5,587
Treatment Per Capita		2015	N/A		23,081
		2016	N/A		453,959
Prevention Per Capita		2015	N/A	33,655	33,655
		2016	N/A	162,794	162,794
Total Block Grants for Prevention and Treatment of Substance Abuse	93.959			<u>600,679</u>	<u>1,083,306</u>
Block Grants for Community Mental Health Services:					
Block Grant Base		2016	N/A		217,067
Block Grant Forensic		2016	N/A		2,200
MHRB Clark, Greene and Madison: Housing Solutions of Greene County		2016	12-0409-HOUSING-T-16-161024	26,653	26,653
Total Block Grants for Community Mental Health Services	93.958			<u>26,653</u>	<u>245,920</u>
Total U.S. Department of Health and Human Services				<u><b>627,332</b></u>	<u><b>1,539,654</b></u>
<b>Total Expenditures of Federal Awards</b>				<u><b>\$627,332</b></u>	<u><b>\$1,539,654</b></u>

N/A - Not applicable

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

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mental Health & Recovery Board of Clark, Greene and Madison Counties (the Board) under programs of the federal government for the year ended June 30, 2016. 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 changes in net 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, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - SUBRECIPIENTS**

The Board passes certain federal awards received from the Ohio Department of Mental Health and Addiction Services (OhioMHAS) to other governments or not-for-profit agencies (subrecipients). As Note B describes the Board reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.



# Dave Yost • Auditor of State

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

Mental Health & Recovery Board of Clark, Greene and Madison Counties  
Clark County  
1055 East High Street  
Springfield, Ohio 45505

To the Board of Directors:

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 Mental Health & Recovery Board of Clark, Greene and Madison Counties, Clark County, (the Board) as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2017 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*.

***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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 24, 2017



# Dave Yost • Auditor of State

## 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 & Recovery Board of Clark, Greene and Madison Counties  
Clark County  
1055 East High Street  
Springfield, Ohio 45505

To the Board of Directors:

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

We have audited the Mental Health & Recovery Board of Clark, Greene and Madison Counties' (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Mental Health & Recovery Board of Clark, Greene and Madison Counties' major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal program.

### ***Management's Responsibility***

The Board's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Board's major program. However, our audit does not provide a legal determination of the Board's compliance.

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

In our opinion, the Mental Health & Recovery Board of Clark, Greene and Madison Counties complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

***Report on Internal Control Over Compliance***

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 24, 2017

**MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Adverse under GAAP; Unmodified under the regulatory basis
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #93.959 – Block Grants for Prevention and Treatment of Substance Abuse
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	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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# Dave Yost • Auditor of State

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF CLARK, GREENE AND MADISON  
COUNTIES**

**CLARK 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  
MAY 4, 2017**