



**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

**ALLEN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Mental Health and Recovery Services  
Allen, Auglaize and Hardin Counties  
1541 Allentown Road, Suite B  
Lima, Ohio 45805

To the Members of the Board:

We have audited the accompanying financial statements of the Mental Health and Recovery Services of Allen, Auglaize and Hardin Counties, (the Board) as of and for the year ended December 31, 2000. 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 combined fund cash balances and reserves for encumbrances of the Board as of December 31, 2000, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2001, 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.

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 awards expenditures is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. 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.

This report is intended solely for the information and use of the audit 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

May 17, 2001

**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Taxes	\$1,022,408		\$1,022,408
Intergovernmental Revenue	131,078	57,957	189,035
Grants		6,894,087	6,894,087
Contract Services	10,000		10,000
Total Cash Receipts	1,163,486	6,952,044	8,115,530
<b>Cash Disbursements:</b>			
Current:			
Salaries	119,965	189,295	309,260
Supplies	4,639	3,647	8,286
Equipment	7,246	5,100	12,346
Contracts - Repair	104	964	1,068
Contracts - Services	61,613	12,531	74,144
Grants	341,064	6,305,238	6,646,302
Rentals	16,994	19,600	36,594
Advertising and Printing	1,069	2,488	3,557
Travel	5,803	6,416	12,219
Public Employee's Retirement	28,487	26,202	54,689
Workers' Compensation	125	6,900	7,025
Project Fund Disbursements		150,792	150,792
Other	82,745	108,445	191,190
Total Cash Disbursements	669,854	6,837,618	7,507,472
Total Cash Receipts Over Cash Disbursements	493,632	114,426	608,058
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	420,951		420,951
Transfers-Out		(420,951)	(420,951)
Refunds	250		250
Reimbursements	77,948		77,948
Other Sources	16		16
Total Other Financing Receipts/(Disbursements)	499,165	(420,951)	78,214
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	992,797	(306,525)	686,272
Fund Cash Balances, January 1	1,943,779	691,557	2,635,336
<b>Fund Cash Balances, December 31</b>	<b>\$2,936,576</b>	<b>\$385,032</b>	<b>\$3,321,608</b>
Reserves for Encumbrances, December 31	\$255,099	\$521,587	\$776,686

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

**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Agency Fund</u>
<b>Cash Receipts:</b>	
Fees	\$5,122
<b>Cash Disbursements:</b>	
Current:	
Other	<u>5,352</u>
Total Cash Receipts (Under) Cash Disbursements	(230)
Fund Cash Balance, January 1	<u>64,916</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$64,686</u></u>

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



**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Mental Health and Recovery Services Board ("the Board") of Allen, Auglaize, and Hardin Counties 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 should consist of eighteen (18) members with ten (10) members appointed by the respective county commissioners in direct proportion to the total population of the district, four members appointed by Director of Mental Health and four members appointed by the Director of Alcohol and Drug Addiction Services. The Board includes members from the legislative authorities of Allen, Auglaize and Hardin Counties as well as citizens of the District.

It serves as a three county political organization whose general purpose is to provide leadership in planning for and supporting community based alcohol, drug addiction and mental health services in cooperation with public and private resources with emphasis on development, prevention and early intervention programming, while respecting, protecting and advocating the rights of persons as consumers of the alcohol, drug addiction and mental health services. These services are provided primarily through contracts with private and public agencies.

The Board maintains direct fiscal control over the fund cash balances which are maintained by the Allen County Treasurer with the Allen County Auditor serving as fiscal officer.

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 Allen County Treasurer, who acts as custodian for Board monies. 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.

**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

**2. Special Revenue Funds:**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Board had the following significant Special Revenue Funds:

**State Subsidy Fund** - This fund receives money from the Ohio Department of Mental Health to provide mental health services to children and adults in the three county area.

**Ohio Department of Mental Health (ODMH) Medicaid Fund** - This fund receives money from the federal government and is passed through the ODMH to provide specific eligible services to Medicaid-eligible people.

**408 Fund** - This fund receives money from the Ohio Department of Mental Health (ODMH) to provide specific eligible services to severely mentally ill individuals.

**3. Fiduciary Fund: (Agency Fund)**

This fund is used to account for resources restricted by a legally binding agreement for which the Board is acting in an agency capacity. The Board had the following significant Fiduciary Fund:

**Council of Government Fund** - This fund represents the remaining cash balance of the Mental Health Board of Western Ohio, and the monthly rental income from the building at 799 South Main Street, Lima, Ohio.

**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 for the General Fund and at the fund level for Special Revenue Funds, 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.

**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

**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.

A summary of 2000 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.

**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 ending December 31, 2000 follows:

<b>2000 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,081,022	\$1,662,651	\$581,629
Special Revenue	7,612,386	6,952,044	(660,342)
Total	\$8,693,408	\$8,614,695	(\$78,713)

<b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,531,022	\$924,953	\$606,069
Special Revenue	7,612,386	7,780,156	(167,770)
Total	\$9,143,408	\$8,705,109	\$438,299

Several funds had deficit fund balances, which indicates that revenues from other funds were used to meet the expenses of those funds. Also, fund transfers were made without following the required legal criteria.

**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**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.

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 2000, PERS members were required to contribute 8.5% of their gross salaries. The Board was required to contribute an amount equal to 10.54% of participants' gross salaries. The Board has opted to pay the full PERS percentage contribution amount for the employees share and has paid all contributions required through December 31, 2000.

**5. RISK MANAGEMENT**

The Board has obtained commercial insurance for the following risks:

- Commercial General Liability Coverage
- Professional Liability Coverage
- Directors and Officers Liability

The Board also participates in the County Employee Health Insurance Plan established by Allen County to account for and finance employee health benefits. The employee Health Care Plan is responsible for \$75,000 in claims per year per individual per year. After that, stop-loss covers up to lifetime maximum of \$2,000,000 per covered person. Further information may be obtained by contacting the Allen County Administrator, 301 North Main Street, Lima, Ohio 45801.

**6. GRANTS**

The Board receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, based on prior experience, management believes such refunds, if any, would not be material.

**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Receipts</u>	<u>Disbursements</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<i>Passed Through Ohio Department of Mental Health:</i>				
Community Block Grant	93.958	01-BG01PLAN-00	90,334	73,750
	93.958	01-BG01PLAN-01	18,028	52,412
Children/Adolescent Block Grant	93.958	01-CS2-FY00	43,746	29,164
	93.958	01-CS2-FY01	19,442	15,000
Block Grant Community Support	93.958	01-BG-99-01-00	75,000	75,000
Total Block Grants for Community Mental Health Services			<u>246,550</u>	<u>245,326</u>
Social Services Block Grant	93.667	FY00	116,595	116,595
Medical Assistance Program	93.778	FY00	690,965	637,216
	93.778	FY01	438,013	593,558
Total Medical Assistance Program			<u>1,128,978</u>	<u>1,230,774</u>
Total Passed Through the Ohio Department of Mental Health			<u>1,492,123</u>	<u>1,592,695</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services</i>				
Alcohol, Drug and Rehabilitation Block Grant	93.959	01-BGD-FY00	520,161	316,963
	93.959	01-BGD-FY01	106,115	203,099
Urban Minority Alcohol and Drug Addiction Services	93.959	0202930-01UMP00	168,311	53,733
	93.959	0202930-01UMP01	27,489	123,700
Total Substance Abuse Prevention and Treatment Block Grant			<u>822,076</u>	<u>697,495</u>
Medical Assistance Program	93.778	FY99	46,388	42,063
	93.778	FY00	23,097	34,082
Total Medical Assistance Program			<u>69,485</u>	<u>76,145</u>
Total Passed Through the Ohio Department of Alcohol and Drug Addiction Services			<u>891,561</u>	<u>773,640</u>
Total Federal Assistance - U.S. Department of Health and Human Services			<u><u>\$2,383,684</u></u>	<u><u>\$2,366,335</u></u>

*The notes to the Schedule of Federal Awards Expenditures are an integral part of this schedule.*

**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Mental Health and Recovery Service's (the Board) 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 Mental Health and the Ohio Department of Alcohol and Drug Addiction Services to other governments, or not-for-profit agencies (subrecipients). As described in Note A, the Board's 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 the provisions of contracts or grant agreements, and that performance goals are achieved.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the Board contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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

Mental Health and Recovery Services  
Allen, Auglaize and Hardin Counties  
1541 Allentown Road, Suite B  
Lima, Ohio 45805

To the Members of the Board:

We have audited the accompanying financial statements of the Mental Health and Recovery Services of Allen, Auglaize and Hardin Counties, (the Board), as of and for the year ended December 31, 2000, and have issued our report thereon dated May 17, 2001. 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 the 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2000-60202-001 and 2000-60202-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Board in a separate letter dated May 17, 2001.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Board in a separate letter dated May 17, 2001.

Mental Health and Recovery Services  
Allen, Auglaize and Hardin Counties  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, the Board, and 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

May 17, 2000





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

Mental Health and Recovery Services  
Allen, Auglaize and Hardin Counties  
1541 Allentown Road, Suite B  
Lima, Ohio 45805

To the Members of the Board:

**Compliance**

We have audited the compliance of the Mental Health and Recovery Services of Allen, Auglaize and Hardin 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 program for the year ended December 31, 2000. The Board's major federal program is 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 program is the responsibility of the 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 circumstances. 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 program for the year ended December 31, 2000.

**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.

**Internal Control Over Compliance  
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, the Board, and 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

May 17, 2001

**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions 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>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA # 93.778: Medical Assistance Program
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type AIB Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Client?</b>	No

**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE AND HARDIN COUNTIES**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER 2000-60202-001</b>	<b>NONCOMPLIANCE</b>
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**Deficit Fund Balances**

**Ohio Rev. Code Section 5705.10**, states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. Money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, deficit fund balances indicate that money from one fund was used to cover the expenses of other funds.

The following funds had deficit fund balances at year end: ODMH Medicaid (\$156,746); ODADAS Medicaid (\$6,686), Alcohol Federal Per Capita (\$96,981); Community Plan Block Grant (\$31,321); State SAMI (\$13,686); and UMADAOP (\$96,211).

Advances from the General Fund to other funds should be considered to prevent deficit fund balances. Guidance for approving and accounting for advances is included in Auditor of State Bulletin 97-003.

<b>FINDING NUMBER 2000-60202-002</b>	<b>NONCOMPLIANCE</b>
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**Transfers**

**Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16**, state the statutory authorization for the transfer of money between funds; and, that certain transfers may only be made by resolution adopted by the Board and after approval of the specific transfer by the Ohio Tax Commissioner and the appropriate Court of Common Pleas pursuant to Section 5705.16, Revised Code.

Transfers were made from the State Per Capita (\$83,969) and State Subsidy (\$336,982) Special Revenue Funds to the General Fund without obtaining the statutory authorization allowing said transfer to be made.

Allowable expenses should be paid directly from these funds rather than transferring funds. When transfers are necessary, the statutory requirements as provided in Revised Code Sections 5705.14, 5705.15 and 5705.16, should be followed.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None

**MENTAL HEALTH AND RECOVERY SERVICES  
ALLEN, AUGLAIZE, and HARDIN COUNTIES, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
1999-60202-001	Noncompliance/ Material Citation - Negative Fund Balance	Not corrected	The Executive Director and Director of Finance consulted the Board concerning the possibility of advancing funds to prevent negative fund balances. Their conclusion is that, since the funds with significant negative balances are for reimbursing grants, the negative fund balances are short term and advancing to cover these negative balances can be cumbersome and confusing.
1998-60202-002	Noncompliance/ Material Citation - Illegal Transfers	Partially corrected in current audit period. Fully corrected thereafter.	The Director of Finance began paying expenses directly from the applicable funds in the second half of fiscal year 2000 (July 1 through December 31, 2000) and will continue to do so thus resulting in full compliance. However, for six months of the current audit period (January 1 through June 30, 2000), there were several transfers made which were material and as such need to be reported as material violations. The Executive Director and Director of Finance decided that the cost-benefit of reclassifying transfers to properly reflect all expenses for 2000 would not be cost effective.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**MENTAL HEALTH AND RECOVERY SERVICES BOARD**

**ALLEN 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  
JULY 3, 2001**