



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties
Logan County
1521 North Detroit Street
P.O. Box 765
West Liberty, Ohio 43357-9458

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

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balance, receipts, and disbursements and related notes of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties, Logan County, (the Board) as of and for the year ended June 30, 2015.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 the financial statement free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on this financial statement 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 statement is 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 statement 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 statement, the Board prepared this financial statement 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 statement 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 this statement 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 statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Board as of June 30, 2015, or change in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties, Logan County, as of June 30, 2015, and its 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 statement taken as a whole.

The Schedule of Federal Awards Expenditures presents 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 statement.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statement. We subjected this schedule to the auditing procedures we applied to the financial statement. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statement 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 17, 2016, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

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 17, 2016

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGE IN FUND BALANCE (CASH BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	General
Cash Receipts:	
Property Taxes	\$1,014,222
Intergovernmental	2,607,489
Rental Receipts	71,680
Contributions	2,804
Charges for Services	100,584
Total Cash Receipts	3,796,779
 Cash Disbursements:	
Current:	
Salaries	278,595
Benefits	105,544
Purchased Services	3,407,496
Dues and Memberships	450
Board Operations	60,416
Supplies and Materials	14,047
Rental	10,308
Advertising and Printing	8,533
Contract Labor	49,213
Travel and Training	10,895
Professional Fees	8,200
Repairs	4,430
Total Cash Disbursements	3,958,127
 Net Change in Fund Cash Balance	 (161,348)
 Fund Cash Balance, July 1	 <u>3,208,957</u>
 Fund Cash Balance, June 30:	
Restricted	3,029,291
Unassigned (Deficit)	18,318
Fund Cash Balance, June 30	\$3,047,609

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

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

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties as a body corporate and politic. A fourteen-member Board is the governing Body. The Board's Director and the legislative authorities of the political subdivisions making up the Board appoint the other Board members. The Board includes members from those legislative authorities as well as citizens of Logan and Champaign Counties. Those subdivisions are Director of the Ohio Department of Mental Health, Director of the Ohio Department of Alcohol and Drug Addiction, and the County Commissioners of Logan and Champaign Counties. The Board provides alcohol, drug addiction and mental health services and programs to citizens of Logan and Champaign Counties. Private and public agencies are the primary service providers, through Board contracts.

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

B. Accounting Basis

This financial statement follows the accounting basis the Ohio Auditor of State prescribes or permits by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03. This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

D. Fund Accounting

The Board uses fund accounting to segregate cash and investments that are restricted as to use. Fund accounting is a concept developed to meet the needs of the governmental entities in which legal or other restraints require the recording of specific receipts and disbursements.

The Transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The Board classifies its funds into the following type:

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

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fund

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2015 budgetary activity appears in Note 2.

F. Fund Balance

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

1. Non-spendable

The Board classifies assets as *non-spendable* 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.

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

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The Board had outstanding encumbrances of \$490,974 as of June 30, 2015.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

I. Debt

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

J. Subsequent Events

The Board has evaluated subsequent events for potential recognition and disclosure. No events were identified.

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

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. Budgetary Activity

Budgetary activity for the years ending June 30, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,849,935	\$3,796,779	(\$53,156)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,125,486	\$4,449,101	\$676,385

3. PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property with Logan and Champaign Counties by each April 30.

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

4. RETIREMENT SYSTEM

The Board participates in the Ohio Publics Employees Retirement System (OPERS). OPERS administers three separate benefit plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invest both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has the elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

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

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

4. RETIREMENT SYSTEM (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual costs-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 227 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy — The Ohio Revised Code provides statutory authority for member and employer contributions. For the fiscal year ended June 30, 2015, member and employer contribution rates were consistent across all three plans discussed above. The member contribution rates were 10% of their annual salary for members in the state and local classifications. The Board was required to contribute 14% of covered payroll for employees. The Board's required contributions for pension obligations to the traditional and combined plans for the year ended June 30, 2015, totaled \$49,841. The Board has paid all contributions required through June 30, 2015.

5. RISK Management

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

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

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

6. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow in future periods. However, based on prior experience, management believes any refunds would be immaterial to its financial statement as of June 30, 2015.

7. POST-EMPLOYMENT BENEFITS

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions*, establishes standards for disclosure information for post-employment benefits other than pension benefits. OPERS has postemployment benefits that meet the definition as described in GASB Statement No. 45.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment healthcare plan, which includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement, for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare.

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

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

7. POST-EMPLOYMENT BENEFITS (Continued)

In order to qualify for postemployment healthcare coverage, age-and-service retirees under the traditional pension and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy — The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement healthcare through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement healthcare benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014 and 2015, local government employers contributed 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

8. LONG-TERM OBLIGATIONS

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

Long term obligations as of June 30, 2015, consist of the following:

Mortgage, MHAS, original loan balance of \$818,084, non-interest bearing note, forgiven by MHAS in monthly installments of \$1,680, expiring November 2033.	\$375,109
Mortgage, MHAS, original loan balance of \$125,000, non-interest bearing note, forgiven by MHAS in monthly installments of \$270, expiring September 2035.	\$63,090
Mortgage, MHAS, original loan balance of \$154,488, non-interest bearing note, forgiven by MHAS in monthly installments of \$300, expiring August 2041.	\$94,854
Mortgage, MHAS, original loan balance of \$208,512, non-interest bearing note, forgiven by MHAS in monthly installments of \$450, expiring April 2042.	\$145,522
Mortgage, MHAS, original loan balance of \$76,000, non-interest bearing note, forgiven by MHAS in monthly installments of \$150, expiring August 2043.	\$53,366

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

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

8. LONG-TERM OBLIGATIONS (Continued)

Mortgage, MHAS, original loan balance of \$213,750, non-interest bearing note, forgiven by MHAS in monthly installments of \$450, expiring November 2049.	\$183,509
Mortgage, MHAS, maximum loan balance of \$180,000, non-interest bearing note, forgiven by MHAS in monthly installments of \$500, expiring April 2043.	\$166,530
Mortgage, MHAS, maximum loan balance of \$53,500, non-interest bearing note, forgiven by MHAS in monthly installments of \$149, expiring April 2044.	\$51,425
Mortgage, MHAS, maximum loan balance of \$53,500, non-interest bearing note, forgiven by MHAS in monthly installments of \$149, expiring April 2044.	\$51,425
Mortgage, MHAS, maximum loan balance of \$100,000, non-interest bearing note, forgiven by MHAS in monthly installments of \$278, expiring March 2045.	\$99,179
	<u>\$1,284,009</u>

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

<u>Periods ending</u>	
30-Jun-16	\$52,795
30-Jun-17	52,795
30-Jun-18	52,795
30-Jun-19	52,795
30-Jun-20	52,795
June 30, 2021 - June 30, 2025	263,975
June 30, 2026 - June 30, 2030	263,975
June 30, 2031 - June 30, 2035	230,044
June 30, 2039 - June 30, 2040	144,985
June 30, 2041 - June 30, 2045	93,867
June 30, 2046 - June 30, 2050	23,188
	<u>\$1,284,009</u>

Principal forgiven by the Ohio Department of Mental Health and Addiction Services during the year ended June 30, 2015, totaled \$52,796.

9. RENTAL RECEIPTS

The Board has entered into a lease as lessor for the property located at Mental Health Center at 1521 N. Detroit Street, West Liberty, Ohio (also known as the Mental Health Center) with Consolidated Care, Inc., a funded agency of the Board. Rental receipts for the year ended June 30, 2015, totaled \$71,680.

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
<i>Passed through Ohio Department of Mental Health and Addiction Services</i>		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	\$175,244
Drug-Free Communities Support Program Grants	93.276	165,153
Block Grants for Community Mental Health Services	93.958	57,488
Social Services Block Grant	93.667	<u>53,390</u>
Total U.S. Department of Health and Human Services		451,275
U.S. Department of Housing and Urban Development		
<i>Direct</i>		
Continuum of Care Program	14.267	<u>219,029</u>
Total U.S. Department of Housing and Urban Development		219,029
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Health</i>		
Special Education - Grants for Infants and Families	84.181	<u>54,060</u>
Total U.S. Department of Education		<u>54,060</u>
Total Federal Awards Expenditures		<u><u>\$724,364</u></u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Expenditures that includes the federal grant activity of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statement.

NOTE 2 - SUBRECIPIENTS

The Board passes through certain federal assistance received from the U.S. Department of Health and Human Services and the U.S. Department of Education to other governments or not-for-profit agencies (sub-recipients). As described in Note 1 of the financial statement, the Board records expenditures of federal awards to sub-recipients when paid.

NOTE 3 - MATCHING

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



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, Drug and Alcohol Services Board of Logan and Champaign Counties
Logan County
1521 North Detroit Street
P.O. Box 765
West Liberty, Ohio 43357-9458

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

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 statement of the cash balance, receipts, and disbursements of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties, Logan County, (the Board) as of and for the year ended June 30, 2015, and the related notes to the financial statement and have issued our report thereon dated February 17, 2016, wherein we noted the Board followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statement, 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 statement. 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 statement is 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 17, 2016



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 OMB CIRCULAR A-133

Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties
Logan County
1521 North Detroit Street
P.O. Box 765
West Liberty, Ohio 43357-9458

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

Report on Compliance for the Major Federal Program

We have audited the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties' (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties' major federal program for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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, Drug and Alcohol Services Board of Logan and Champaign 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, 2015.

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 OMB Circular A-133, 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 OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 17, 2016

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, Unmodified under the regulatory basis
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #14.267 – Continuum of Care Program
(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**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Ohio Rev. Code §5705.40 – Board did not approve supplemental appropriations	Yes	
2014-002	Ohio Rev. Code §5705.41(B) – Budgetary Expenditures Exceeded Appropriations	Yes	



Dave Yost • Auditor of State

MHDAS BOARD OF LOGAN AND CHAMPAIGN COUNTIES

LOGAN 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
MARCH 17, 2016**