



Dave Yost • Auditor of State



**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY  
DECEMBER 31, 2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Athens-Hocking-Vinton Board of Alcohol,  
Drug Addiction, and Mental Health Services  
Athens County  
P.O. Box 130  
Athens, Ohio 45701

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statement of the cash balances, receipts, disbursements by fund type, and related notes of the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services, Athens County, Ohio (the Board), as of and for the year ended December 31, 2016.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 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 2 of the financial statement, the Board prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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 December 31, 2016 or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined cash balances of the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services, Athens County, Ohio, as of December 31, 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

***Other Matters***

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

The Schedule of Expenditures of Federal Awards (the Schedule) 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 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 June 20, 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

June 20, 2017

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**Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services  
Athens County**

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2016*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property Taxes	\$3,249,057	\$0	\$0	\$3,249,057
Charges for Services	0	51,093	0	51,093
Intergovernmental	3,241,573	0	0	3,241,573
Earnings on Investments	0	0	282	282
Miscellaneous	19,926	0	30,000	49,926
<i>Total Cash Receipts</i>	<u>6,510,556</u>	<u>51,093</u>	<u>30,282</u>	<u>6,591,931</u>
<b>Cash Disbursements</b>				
Current:				
Health:				
Salaries and Wages	485,573	0	0	485,573
Fringe Benefits	77,545	0	0	77,545
Contractual Services	5,293,595	256,569	14,425	5,564,589
Supplies and Materials	483,226	0	0	483,226
Other	2,942	0	0	2,942
<i>Total Cash Disbursements</i>	<u>6,342,881</u>	<u>256,569</u>	<u>14,425</u>	<u>6,613,875</u>
<i>Net Change in Fund Cash Balances</i>	167,675	(205,476)	15,857	(21,944)
<i>Fund Cash Balances, January 1</i>	<u>2,512,955</u>	<u>889,900</u>	<u>266,044</u>	<u>3,668,899</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	684,424	0	684,424
Committed	0	0	281,901	281,901
Assigned	984,891	0	0	984,891
Unassigned	1,695,739	0	0	1,695,739
<i>Fund Cash Balances, December 31</i>	<u>\$2,680,630</u>	<u>\$684,424</u>	<u>\$281,901</u>	<u>\$3,646,955</u>

*See accompanying notes to the financial statement.*

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**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2016**

**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services, Athens County (the Board), as a body corporate and politic. An eighteen-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 the Board. Those subdivisions are Athens County, Hocking County and Vinton County. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board's program area. Private and public agencies are the primary service providers, through Board contracts.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Board's financial statement consists of a Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) for all governmental fund types organized on a fund type basis.

***Fund Accounting***

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Board are presented below:

***General Fund*** The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Board had the following significant Special Revenue Fund:

*SAMI Project Fund* – This fund accounts for receipts from rental properties. Funds are paid out primarily to the Athens Metropolitan Housing Authority for contract services.

***Capital Project 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 Project Fund:

*317 Board Building Construction Fund* – This fund receives revenue from other funds to make capital acquisitions and improvements to Board-owned facilities.

***Basis of Accounting***

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

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting (Continued)***

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires the Board to adopt a budget for each fund annually

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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.

**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.

**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 reappropriated.

A summary of 2016 budgetary activity appears in Note 2.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

Fund balance is divided into three 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:

***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.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance (Continued)***

**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.

**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.

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.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,493,698	\$6,510,556	\$1,016,858
Special Revenue	44,520	51,093	6,573
Capital Projects	250	30,282	30,032
Total	\$5,538,468	\$6,591,931	\$1,053,463

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,342,609	\$7,144,730	\$197,879
Special Revenue	343,000	256,569	86,431
Capital Projects	20,000	14,425	5,575
Total	\$7,705,609	\$7,415,724	\$289,885

**Note 4 - Deposits and Investments**

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

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2016  
(Continued)**

**Note 5 - Taxes**

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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

**Note 6 - Risk Management**

Full-time employees are provided health insurance, vision coverage and through the Athens County Health Consortium and are provided life insurance. Full-time employees are also offered dental, additional vision coverage and additional voluntary life insurance through the Athens County Commissioner's plans.

Workers' Compensation coverage is provided by the State of Ohio. The Board pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Commercial Insurance***

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Directors and officials liability;
- Directors and officials liability;
- Vehicles; and
- Errors and omissions.

**Note 7 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Board contributed an amount equaling 14%, of participants' gross salaries. The Board has paid all contributions required through December 31, 2016.

**Note 9 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2016  
(Continued)**

**Note 10 - 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. However, based on prior experience, management believes any refunds would be immaterial.

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ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program/Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed Through Athens Metropolitan Housing Authority</i>				
Continuum of Care - Shelter Plus Care	14.267	N/A	\$0	\$17,861
<i>Passed Through Hocking Metropolitan Housing Authority</i>				
Section 8 Housing Choice Vouchers	14.871	N/A	0	4,466
<i>Passed Through Vinton Metropolitan Housing Authority</i>				
Section 8 Housing Choice Vouchers	14.871	N/A	0	2,099
Total Section 8 Housing Choice Vouchers			<u>0</u>	<u>24,426</u>
Total U.S. Department of Housing and Urban Development			<u>0</u>	<u>24,426</u>
<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 - Title XX	93.667	N/A	0	81,154
Block Grants for Prevention and Treatment of Substance Abuse	93.959			
Prev Per Capita (setaside)		N/A	0	101,631
Community Investments		N/A	0	107,960
Youth-Led Prevention		N/A	2,912	2,912
DYS Aftercare		N/A	0	72,796
TASC of Southeast Ohio		05-81-84-TASC-T-16/17-9769	476,094	476,094
Drug Free Coalition - TEAM Athens & HRS		05-6755-DFCC-P-16/17-0031	15,304	15,304
		05-0000-DFCC-P-16/17-9945	14,413	14,413
Women's Treatment & Outreach		05-6755-WOMENS-T-16/17-9038	480,219	480,219
Total Block Grants for Prevention and Treatment of Substance Abuse			988,942	1,271,329
Block Grants for Community Mental Health Services	93.958			
Community Investment Base		N/A	0	82,326
Mental Health Criminal Justice Forensic		N/A	0	2,200
Respite Care - Under 21		N/A	6,437	6,437
Total Block Grants for Community Mental Health Services			<u>6,437</u>	<u>90,963</u>
Total U.S. Department of ???			<u>995,379</u>	<u>1,443,446</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$995,379</u></b>	<b><u>\$1,467,872</u></b>

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

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR PART 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Board under programs of the federal government for the year ended December 31, 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, changes in net assets, or cash flows 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 to not 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 U.S. Department of Health and Human Service 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.

**NOTE D - MATCHING REQUIREMENTS**

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



# 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

Athens-Hocking-Vinton Board of Alcohol,  
Drug Addiction, and Mental Health Services  
Athens County  
P.O. Box 130  
Athens, Ohio 45701

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 statement of the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services, Athens County, Ohio (the Board), as of and for the year ended December 31, 2016, and the related notes to the financial statement and have issued our report thereon dated June 20, 2017, wherein we noted the Board followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

### ***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.

743 East State Street, Athens Mall Suite B, Athens, Ohio 45701-2157  
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110

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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*.

***Entity's Response to Findings***

The Board's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the Board's response and, accordingly, we express no opinion on it.

***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.



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

June 20, 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

Athens-Hocking-Vinton Board of Alcohol,  
Drug Addiction, and Mental Health Services  
Athens County  
P.O. Box 130  
Athens, Ohio 45701

To the Board of Directors:

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

We have audited the Athens-Hocking-Vinton Board of Alcohol, Drug Addiction, and Mental Health Services, Athens County, Ohio (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 Board's major federal program for the year ended December 31, 2016. The *Summary of Audit 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 Board 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 December 31, 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 compliance tests and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



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

June 20, 2017

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR PART 200.515  
DECEMBER 31, 2016**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP; Unmodified under the regulatory basis
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR Part 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Program:</b> <ul style="list-style-type: none"> <li>• Block Grants for Prevention and Treatment of Substance Abuse – CFDA #93.959</li> </ul>	
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR Part 200.520?</b>	No

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

**FINDING NUMBER 2016-001**

**Material Weakness**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by Ohio Admin. Code § 117-2-03.

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2016  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001 (Continued)**

**Material Weakness (Continued)**

At December 31, 2016, \$1,695,739 of the General Fund balance was incorrectly classified as assigned when it should have been classified as unassigned.

The Fiscal Officer should refer to the AOS Audit Bulletin 2011-004 for proper classification and take additional care in posting transactions to the Board's ledgers in order to ensure the Board's year-end financial statements reflect the appropriate sources of the Board's receipts and expenditures.

**Officials' Response:** See Corrective Action Plan.

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



**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL,  
DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
ATHENS COUNTY**

**CORRECTIVE ACTION PLAN  
2 CFR PART 200.511(c)  
DECEMBER 31, 2016**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	Management will work with the Fiscal Agent to ensure these classifications are correct going forward.	Immediately	Earl Cecil, Executive Director

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# Dave Yost • Auditor of State

**ATHENS-HOCKING-VINTON BOARD OF ALCOHOL, DRUG ADDICTION MENTAL HEALTH SERVICES**

**ATHENS 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 6, 2017**