



**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2018**

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY
JUNE 30, 2018**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances Governmental Fund Type	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances Fiduciary Fund Type	6
Notes to the Financial Statements	7
Schedule of Expenditures of Federal Awards	13
Notes to the Schedule of Expenditures of Federal Awards.....	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
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.....	17
Schedule of Findings.....	19
Prepared by Management:	
Summary Schedule of Prior Audit Findings	20

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INDEPENDENT AUDITOR'S REPORT

Mental Health and Recovery Board of Wayne and Holmes Counties
Wayne County
1985 Eagle Pass
Wooster, Ohio 44691

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County, Ohio (the Board) as of and for the year ended June 30, 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Board prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Board does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Board as of June 30, 2018, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County as of June 30, 2018, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Matters

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

February 28, 2019

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**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Governmental Fund Type
	General
Cash Receipts:	
Property Tax and Other Local Taxes	\$2,804,720
Intergovernmental	3,541,346
Other	262,455
	6,608,521
<i>Total Cash Receipts</i>	6,608,521
Cash Disbursements:	
Personnel	500,751
Consultants	150,761
Miscellaneous	226,066
Contract Services	5,829,782
	6,707,360
<i>Total Cash Disbursements</i>	6,707,360
<i>Net Change in Fund Cash Balances</i>	(98,839)
<i>Fund Balance, July 1, 2017</i>	4,879,767
Fund Cash Balance June 30, 2018	
Assigned	1,381,630
Unassigned	3,399,298
	\$4,780,928
<i>Fund Balance, June 30, 2018</i>	\$4,780,928

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

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Fiduciary Fund Type <hr/> Agency <hr/>
Cash Receipts:	
Intergovernmental	\$658,321
Other	12,627
	<hr/>
<i>Total Cash Receipts</i>	670,948
Cash Disbursements:	
Contractual Services	740,798
	<hr/>
<i>Total Cash Disbursements</i>	740,798
	<hr/>
<i>Net Change in Fund Cash Balances</i>	(69,850)
<i>Fund Cash Balances, July 1,</i>	946,848
	<hr/>
<i>Fund Cash Balances, June 30</i>	\$876,998
	<hr/> <hr/>

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

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY, OHIO**

**Notes To The Financial Statements
For The Fiscal Year Ended June 30, 2018**

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 and Recovery Board of Wayne and Holmes Counties, Wayne County, (the Board) as a body corporate and politic. The Board primarily provides mental health, drug addiction, alcohol, and community services to the residents of the two counties, primarily through contracts with not-for-profit agencies. The Board member composition includes citizens appointed as follows:

- a. Seven (7) by the Wayne County Commissioners;
- b. Three (3) by the Holmes County Commissioners;
- c. Eight (8) by the Director of the Ohio Department of Mental Health and Addiction Services.

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 accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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).

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 Ohio Revised Code, the Wayne County Treasurer is custodian for the Board's cash. The County's deposit and investment pool holds the Board's assets, valued at the 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 of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY, OHIO**

**Notes To The Financial Statements
For The Fiscal Year Ended June 30, 2018
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

2. Fiduciary Fund

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Board's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Board disburses these funds as directed by the individual, organization or other government. The Board's agency fund accounts for the operations of the Wayne County Family and Children First Council (the Council) of which the Board serves as Administrative Agent. Operations of the Council are controlled by an Oversight Committee noting the Board's Executive Director serves on the Executive Council.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2018 budgetary activity appears in Note 2.

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY, OHIO**

**Notes To The Financial Statements
For The Fiscal Year Ended June 30, 2018
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. PROPERTY, PLANT AND EQUIPMENT

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

G. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Board's cash basis method of accounting.

H. FUND BALANCE

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

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 members or a Board official delegated that authority by resolution, or by State Statute.

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY, OHIO**

**Notes To The Financial Statements
For The Fiscal Year Ended June 30, 2018
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. FUND BALANCE – (Continued)

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.

I. 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.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2018 is as follows:

2018 Budgeted vs. Actual Receipts				
Fund Type	Budgeted Receipts	Actual Receipts	Variance	
General	\$ 6,403,023	\$ 6,608,522	\$	205,499

2018 Budgeted vs. Actual Budgetary Basis Expenditures				
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance	
General	\$ 11,570,095	\$ 8,088,991	\$	3,481,104

3. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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 statements include 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.

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY, OHIO**

**Notes To The Financial Statements
For The Fiscal Year Ended June 30, 2018
(Continued)**

4. NOTE RECEIVABLE

On January 29, 2010 the Board executed a promissory note with the Outreach Community Living Services Center, Inc. (the Center) in the amount of \$272,587 with an interest rate of 0%, for the purpose of repaying advances received in prior years. Repayment terms were established as follows: 1) 12 monthly payments of \$100 each commencing February 5, 2010; 2) 6 monthly payments of \$500 each commencing February 5, 2011; 3) 357 monthly payments of \$750; and 4) 1 final monthly payment of \$637. The promissory note is collateralized by a mortgage lien on two of the Center's existing properties.

The balance of the promissory note at June 30, 2018 is \$226,437. The Board has allowed the Center to make payments which may be less than the amount due per the established agreement.

5. 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 picked up 3% of the member contributions. The Board has paid all contributions required through June 30, 2018.

6. 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, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2018.

7. RISK MANAGEMENT

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland Marine; and
- Errors and omissions.

The Board also provides health, dental and life insurance through a private carrier. Settled claims have not exceeded coverage in any of the past three years. Limits have not been decreased from the prior year.

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY, OHIO**

**Notes To The Financial Statements
For The Fiscal Year Ended June 30, 2018
(Continued)**

8. 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.

MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Health</i>				
Special Education-Grants for Infants and Families	84.181	H181A150024 H181A160024 H181A170024	\$ 8,211 110,411 41,914	\$ 8,211 110,411 41,914
Total U.S. Department of Education			160,536	160,536
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
Social Services Block Grant	93.667	3A70 33612 SOC SERS BG 4221C	98,734	98,734
Block Grants for Community Mental Health Services	93.958	3A90 33614 MH BG 4221C	127,918	127,918
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1800006 1800103 3G40 336618-4221C 3G40 336618-4253C	32,248 179,955 344,906 115,761	32,248 179,955 344,906 115,761
Total for Block Grants for Prevention and Treatment of Substance Abuse			672,870	672,870
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5AU-18-C0085	3,057	3,057
Promoting Safe and Stable Families	93.556	5AU-18-C0085	24,738	24,738
Total U.S. Department of Health and Human Services			927,317	927,317
Total Expenditures of Federal Awards			\$1,087,853	\$1,087,853

The accompanying notes are an integral part of this schedule.

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mental Health and Recovery Board of Wayne and Holmes Counties, (the Board's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The Board passes certain federal awards received from the Ohio Department of Mental Health and Addiction Services and the Ohio Department of Health 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 E - 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.



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

Mental Health and Recovery Board of Wayne and Holmes Counties
Wayne County
1985 Eagle Pass
Wooster, Ohio 44691

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County, Ohio, (the Board) as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2019 wherein we noted the Board followed financial reporting provision Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

February 28, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mental Health and Recovery Board of Wayne and Holmes Counties
Wayne County
1985 Eagle Pass
Wooster, Ohio 44691

To the Members of the Board:

Report on Compliance for the Major Federal Program

We have audited the Mental Health and Recovery Board of Wayne and Holmes Counties, (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Board's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Mental Health and Recovery Board of Wayne and Holmes 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, 2018.

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 the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

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

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

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



Keith Faber

Auditor of State
Columbus, Ohio

February 28, 2019

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse - GAAP Unmodified - Regulatory Basis
(d)(1)(ii)	Were there any material weaknesses in internal control 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 weaknesses in internal control 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 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Block Grants for Prevention and Treatment of Substance Abuse – CFDA #93.959
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Financial Reporting	Corrective Action Taken and Finding is Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES

WAYNE 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 28, 2019**