

**EASTERN MIAMI VALLEY ALCOHOL,
DRUG ADDICTION, MENTAL HEALTH
SERVICES (ADAMHS) BOARD**

Financial Statements

June 30, 2001

with

Independent Auditors' Report



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Eastern Miami Valley ADAMHS Board
Springfield, Ohio

We have reviewed the independent auditor's report of the Eastern Miami Valley Alcohol, Drug Addiction, Mental Health Services (ADAMHS) Board, Clark County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Eastern Miami Valley ADAMHS Board is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 23, 2002

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EASTERN MIAMI VALLEY ADAMHS BOARD

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Trustees
Eastern Miami Valley ADAMHS Board
Springfield, Ohio

We have audited the accompanying financial statements of the Eastern Miami Valley ADAMHS Board (the Board) as of and for the year ended June 30, 2001. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards generally applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Board prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principals generally accepted in the United States of America.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the combined fund cash balances of the Eastern Miami Valley ADAMHS Board as of June 30, 2001, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we also have issued our report dated November 7, 2001 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Board, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board, management, the Auditor of State and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hockett & Co.

Springfield, Ohio
November 7, 2001

EASTERN MIAMI VALLEY ADAMHS BOARD
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Fiduciary Funds	
Cash receipts:				
Taxes	\$ 6,443,701	-	-	6,443,701
Intergovernmental	709,528	15,661,113	46,071	16,416,712
Rental income	916,136	-	-	916,136
Miscellaneous	500,131	37,407	8,000	545,538
	<u>8,569,496</u>	<u>15,698,520</u>	<u>54,071</u>	<u>24,322,087</u>
Total cash receipts				
Cash disbursements:				
Salaries	911,211	44,818	384	956,413
Benefits	237,240	11,512	5	248,757
Supplies and materials	32,264	1,557	1,804	35,625
Capital outlay/equipment	1,217,717	5,184	-	1,222,901
Repairs	304,802	3,612	-	308,414
Contract services	5,381,659	16,733,098	7,741	22,122,498
Rental expenses	260,534	2,962	-	263,496
Advertising and printing	8,588	427	-	9,015
Travel expense	16,844	3,398	213	20,455
Debt expense	76,275	-	-	76,275
Miscellaneous	18,372	17,870	2,367	38,609
	<u>8,465,506</u>	<u>16,824,438</u>	<u>12,514</u>	<u>25,302,458</u>
Total cash disbursements				
Total receipts over/(under) disbursements	103,990	(1,125,918)	41,557	(980,371)
Other financing receipts:				
Proceeds from sale of notes	860,000	-	-	860,000
	<u>860,000</u>	<u>-</u>	<u>-</u>	<u>860,000</u>
Total cash receipts and other financing receipts over/(under) cash disbursements	963,990	(1,125,918)	41,557	(120,371)
Fund balances at beginning of year	<u>1,272,893</u>	<u>665,805</u>	<u>-</u>	<u>1,938,698</u>
Fund balances at end of year	\$ <u><u>2,236,883</u></u>	<u><u>(460,113)</u></u>	<u><u>41,557</u></u>	<u><u>1,818,327</u></u>

See accompanying notes to the financial statements.

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2001

1. Summary of Significant Accounting Policies:

Reporting entity

The Eastern Miami Valley Alcohol, Drug Addiction and Mental Health Services Board of Clark, Greene and Madison Counties (the Board), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is directed by an eighteen-member Board. Board members are appointed by the Board's Director and the legislative authorities of the political subdivisions making up the Board. Those subdivisions are the Clark, Greene and Madison County Commissioners, Ohio Department of Alcohol and Drug Addiction Services (ODADAS), and Ohio Department of Mental Health (ODMH). The Board provides alcohol, drug addiction, and mental health services and programs to citizens in Clark, Greene and Madison Counties primarily through contracts with private and public agencies.

The Clark County Auditor and the Clark County Treasurer serve respectively as fiscal officer and custodian of all public funds. The Board's management believes these financial statements present all activities for which the Board is financially accountable.

Basis of accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Cash

As required by Ohio Revised Code, the Board's cash is held and invested by the Clark County Treasurer, who acts as custodian for the Board's money. The Board's assets are held in the County's cash and investment pool, and are valued by the County Treasurer carrying amount.

Fund accounting

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

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

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2001

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Fiduciary (Agency) Funds - These funds are used to account for resources restricted by funds for which the Board is acting in an agency capacity. The Board's Fiduciary Funds include the financial activity related to the administration of the Prevention Academy, which is independent organizations of which the Board serves as fiscal officer.

Budgetary process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of fiscal year 2001 budgetary activity appears in Note 2.

Property, plant and equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Unpaid vacation and sick leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Board.

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2001

2. Budgetary Activity:

Budgetary activity for the year ending June 30, 2001 follows:

<u>2001 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 8,128,734	9,429,496	1,300,762
Special revenue	14,891,086	15,698,520	807,434
Agency	<u>51,290</u>	<u>54,071</u>	<u>2,781</u>
Total	\$ <u>23,071,110</u>	<u>25,182,087</u>	<u>2,110,977</u>

<u>2001 Budgeted vs. Actual Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 7,593,999	8,465,506	(871,507)
Special revenue	16,798,984	16,824,438	(25,454)
Agency	<u>12,495</u>	<u>12,514</u>	<u>(19)</u>
Total	\$ <u>24,405,478</u>	<u>25,302,458</u>	<u>(896,980)</u>

The Board did not approve a complete tax budget as noted in the compliance report, except as submitted via the funding source (OMDH/ODADAS) budget format. In addition, the Board did not seek an amendment to their estimated receipts and expenditures related to the mortgage note payable of \$860,000. The proceeds from this note issue went directly to the seller of the property, therefore, the Board did not receive nor did they disbursement cash related to this transaction.

3. Long-Term Obligations:

The Board received five mortgage loans payable with original balances of \$100,000, \$58,146, \$128,006, \$225,200 and \$131,000 from the State of Ohio to fund construction projects. These loans are being forgiven by the State over 40 years, as long as the use of these facilities continues to provide mental health services. The loans are exempt from the debt limitations established by Section 5705.19 of the Ohio Revised Code.

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2001

The Board is a party to three Promissory Notes for the purchase of property; \$216,000 issued on June 30, 1999 to The Ohio Bank beginning at 8.530% interest, for a period of 20 years, with final maturity in fiscal year 2019; \$105,000 issued on April 21, 2000 to Bank One at 9.5% interest with final payment due on October 21, 2005; \$860,000 issued on December 21, 2000 to The Ohio Bank at a variable interest rate beginning at 8.5%, for a period of 10 years, with final maturity in fiscal year 2011.

Principal and interest requirements to at June 30, 2001, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 68,247	95,613	163,860
2003	74,318	89,542	163,860
2004	81,003	82,857	163,860
2005	88,329	75,531	163,860
2006-2010	617,348	231,758	849,106
2011-2015	131,070	48,169	179,239
2016-2019	<u>80,064</u>	<u>12,447</u>	<u>92,511</u>
Total	<u>\$1,140,379</u>	<u>635,917</u>	<u>1,776,296</u>

4. Property Tax:

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reported in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semi annual payment, 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 to the County by each April 30.

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

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2001

5. Retirement Systems:

The Board's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2001, PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 13.55% for the first half and 10.84% of participants' gross salaries during second half of fiscal 2001. The Board has paid all contributions required through June 30, 2001. See Clark County, Ohio financial report for complete pension disclosure.

6. Ohio Deferred Compensation Program:

Employees of the Board may elect to participate in the Ohio Public Employees Deferred Compensation Program. The program is a deferred compensation plan under Internal Revenue Code Section 457. Employees may elect to defer a portion of their pay until a later date, normally retirement.

7. Risk Management:

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Board also provides health insurance and dental coverage to full-time employees through a private carrier. There was no reduction in the level of coverage during the year and settled claims have not exceeded insurance coverage in any of the past three years.

8. Contingencies:

The Board received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. Accountability and Compliance:

The special revenue funds had a cumulative fund deficit of \$460,113. This deficit was due to the timing involved between when the Board must provide funding to their provider agencies and when the Board was reimbursed for claims submitted to ODMH and ODADAS. This deficit will be resolved in the next fiscal year when the reimbursement payment is received.

EASTERN MIAMI VALLEY ADAMHS BOARD

Schedule of Federal Awards Expenditures

For the Year Ended June 30, 2001

<u>Grant Title</u>	<u>CFDA Number</u>	<u>Pass-through Number</u>	<u>Grant Disbursements</u>
From the U.S. Department of Education:			
Pass-through Ohio Department of Alcohol and Drug Addiction:			
Safe and Drug Free Schools and Communities Act - Prevention Academy	84.186A	12-12924-03- DFS-P-00-9067	41,000
From the U. S. Department of Human Services:			
Pass-through Ohio Department of Mental Health:			
Block Grants:			
Community Plan	93.992	(1)	219,923
Children/Adolescent	93.992	(1)	57,895
Consumer Outcomes	93.992	08-COIG-01-01	65,500
FEMA	93.992	08-IBHS-2000-1	<u>25,294</u>
Total Block Grants:			368,612
 Title XX	 93.667	 (1)	 167,341
 Title XIX	 93.778	 (1)	 <u>5,182,897</u>
 Pass-through Ohio Department of Alcohol and Drug Addiction:			
Block Grants:			
HIV Early Intervention	93.959	(1)	73,755
Women and Children's Treatment Program	93.959	12-1039-00- W-T-01-9925	205,000
Women's Recovery Center (2)	93.959	12-1123-00- W-T-01-9045	354,679
Drug Treatment, Prevention and IV Users	93.959	(1)	1,068,022
"We Too"	93.959	12-12713-03- DFC-P-00-9115	65,000
Teens Getting it Together	93.959	12-1883-00- W-T-01-9905	35,579
Sharing Time and Talent	93.959	12-8199-00-YMENT- P-01-9836	30,959
Big Brothers/Big Sisters Serving Madison County	93.959	12-12280-01 DFS-P-00-9837	<u>35,000</u>
Total Block Grants			1,867,994
 Title XIX	 93.778	 (1)	 <u>701,811</u>
			 <u><u>8,329,655</u></u>

(1) Pass-through; number not available

(2) This grant was received for the benefit of Women's Recovery Center. These funds support persons other than traditional Board clients.

See accompanying notes to this schedule

EASTERN MIAMI VALLEY ADAMHS BOARD
Notes to the Schedule of Federal Award Expenditures
June 30, 2001

1. Significant Accounting Policies:

The accompanying schedule of federal award expenditures is a summary activity of all federal awards programs of the Eastern Miami Valley ADAMHS Board. The schedule has been prepared on the cash basis of accounting.

2. Sub-Recipients:

The Board obtains grants through the Ohio Department of Mental Health (ODMH) and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) and contracts with sub-recipient agencies for providing services.

The sub-recipient agencies have certain compliance responsibilities related to administering these federal programs. Under OMB Circular A-133, the Board is responsible for monitoring sub-recipients to help assure that federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

Board subsidies were allocated to the following ODMH provider agencies for 2001:

TCN Behavioral Health Services
Project Woman of Springfield
Mental Health Services, Inc. for Clark County
Elderly United of Springfield and Clark County
Greene County Educational Service Center

Board subsidies were allocated to the following ODADAS provider agencies for 2001:

Clark County Juvenile Court
Big Brothers/Big Sisters of Madison County
McKinley Hall
The Women's Recovery Center
TCN Behavioral Health Services
Mental Health Services, Inc. for Clark County
Matt Talbot House

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

Board of Trustees
Eastern Miami Valley ADAMHS Board
Springfield, Ohio

We have audited the financial statements of the Eastern Miami Valley ADAMHS Board (the Board), as of and for the year ended June 30, 2001, and have issued our report thereon dated November 7, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-52851-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Board in a separate letter dated November 7, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Board's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-52851-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2001-52851-002 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Board in a separate letter dated November 7, 2001.

This report is intended for the information of the Board, management, the Auditor of State, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.
Springfield, Ohio
November 7, 2001

Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133

Board of Trustees
Eastern Miami Valley ADAMHS Board
Springfield, Ohio

Compliance

We have audited the compliance of the Eastern Miami Valley ADAMHS Board (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

As described in items 2001-52851-003 and 2001-52851-004 in the accompanying schedule of findings, the Board did not comply with requirements regarding cash management and subrecipient monitoring that are applicable to its Title XIX major program. Compliance with such requirements is necessary, in our opinion, for the Board to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001. We noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the Board in a separate letter dated November 7, 2001.

Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Board's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 2001-52851-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2001-52851-005 to be a material weakness.

This report is intended for the information of the Board, management, the Auditor of State, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hockett & Co.

Springfield, Ohio
November 7, 2001

EASTERN MIAMI VALLEY ADAMHS BOARD

SCHEDULE OF FINDINGS

OMB CIRCULAR A-133 § .505

JUNE 30, 2001

1. SUMMARY OF AUDITORS' RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	Title XIX CFDA # 93.778
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

EASTERN MIAMI VALLEY ADAMHS BOARD
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001

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

Finding Number	2001-52851-001
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A joint county mental health board, as the taxing authority of a subdivision, is responsible for their preparation of a tax budget. Ohio Revised Code Section 5705.28 requires each taxing authority to adopt a tax budget by January 15 of each year for the ensuing fiscal year. The budget must be submitted to the county auditor, their fiscal agent, on or before January 20. In addition, the Board must submit an estimate of contemplated revenues and expenditures for each county in which an appropriation is desired. The county auditor must certify to the budget commission the total amount from all sources available for expenditure from each fund set up in the tax budget, with unencumbered balances from the preceding year in accordance with Ohio Revised Code Section 5705.36. An annual appropriation resolution must be adopted at the end of each year in order for expenditures to be made in the following year. Ohio Revised Code Section 5705.40. The Board must certify the total amount of revenues from all sources available for expenditures from each fund along with balances that existed at the end of the preceding year to the county auditor. Currently, only the budget related to general fund administrative expenditures are adopted and approved by the Board. Budget amounts for resources and other expenditures are prepared by the County at the beginning of each year, however, these budgeted amounts are not adopted by the Board.

We recommend the Board adopt guidelines and procedures to ensure all legally required budget documents are prepared and submitted to the appropriate authority within the timeframe specified.

Finding Number	2001-52851-002
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During fiscal year 2001, financial information was not entered into the accounting system on a timely basis. Instances were noted where information was entered into the accounting system related to transactions which occurred several months ago. The Board did not have another reliable accounting system in place during this conversion to ensure financial information was process effectively and timely during this period. Instead, the Board relied on the County Auditor's financial reports, which did not properly segregate the different funding sources or programs as required. Management has indicated that transactions are being entered on a timely basis and the accounting system is up-to-date as of October 2001.

The Board should continue making efforts to bring its accounting system up-to-date and ensure they do not fall behind in posting the information in the future. Keeping the accounting system current, should allow the Board to produce accurate and reliable financial reports on a timely basis.

EASTERN MIAMI VALLEY ADAMHS BOARD
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2001-52851-003
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Title XIX – Medicaid program
CFDA No. 93.778

The Board did not identify the source and nature of the funds it passes through to its provider agencies when the distributions were made. Instead a reconciliation process completed after year end was used to identify the nature of the funding provided. Failure to identify the source and nature of the funds passed through to the provider agencies, in some cases, prevented provider agencies from accurately recording revenue as federal, state or local monies as well as not being able to separately identify federal dollars by program.

OMB Circular A-133 (d)(1), in part, requires “a pass-through entity to identify federal awards made by informing each subrecipient of CFDA title and number, award year, if the award is R&D, and name the federal agency”. The Board did not provide this information to their provider agencies as noted above.

The Board must provide the nature and source of each funding remittance as they are made to the provider agencies to ensure all federal dollars are properly recorded, monitored and reported. This will also allow the provider agencies to know what restrictions are on what dollars. Management has indicated that this practice has been put into place beginning for fiscal year 2002.

Finding Number	2001-52851-004
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Title XIX – Medicaid program
CFDA No. 93.778

Effective July 1, 1999, the Board’s Medicaid contract, Section C(1), with the Ohio Department of Mental Health or ODADAS, requires the Board to pay the provider agencies in full for Medicaid claims submitted for reimbursement to ODMH/ODADAS. The Board must demonstrate that these payments are made from nonfederal public funds.

During fiscal year 2001, the Board did not pay the providers in full for the Medicaid claims submitted for reimbursement to ODMH/ODADAS. Instead, the Board paid their providers one-twelfth of the Boards local portion allocation. The federal funds were then provided once reimbursement was received from the State when the Medicaid claims were processed and validated.

The Board should develop and implement policies and procedures to ensure they process Medicaid claims in a manner consistent with the Medicaid agreement it has entered into with Ohio Department of Mental Health and Ohio Department of Alcohol and Drug Addiction Services. Management has indicated that procedures have been put into place to ensure claims submitted are paid in advance with nonfederal funds before they are submitted to ODMH/ODADAS for fiscal year 2002.

EASTERN MIAMI VALLEY ADAMHS BOARD
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001

Finding Number	2001-52851-005
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Title XIX – Medicaid program
CFDA No. 93.778

The Board does not have adequate procedures or internal controls in place to ensure it is complying the laws and regulations governing the Title XIX – Medicaid program throughout the year. Instead, the Board performs year-end procedures to help identify the nature and source of funding paid to providers, as well as, paying one twelfth of the local allocation to the provider agencies instead of paying the entire claim when presented as required. Failure to comply with the laws and regulation governing the program could jeopardize future funding agreements.

Management has indicated that procedures have been put into place to ensure it complies with the laws and regulations governing the Title XIX – Medicaid program beginning fiscal year 2002. The Board ensure policies and procedures are adequately designed to ensure compliance with all laws and regulations throughout the year.

EASTERN MIAMI VALLEY ADAMHS BOARD

SCHEDULE OF FINDINGS

OMB CIRCULAR A-133 § .505

JUNE 30, 2001

4. SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fiscal Year Issued	Implementation Status
AUDIT FINDINGS NOT CORRECTED OR PRATIALLY CORRECTED			
2000-52851-001	Ohio Rev. Code Section 5705.28 – Tax Budget	1998	Not Corrected – Compliance finding repeated in current year audit.
2000-52851-002	Ohio Rev. Code Section 57051.41(B) – Expenditures exceeding Appropriations	1999	Not Corrected – Immaterial instances noted compliance finding repeated in current year management letter.
2000-52851-003	Financial information was not maintained up-to-date in accounting system	2000	Comment repeated in current year audit, however, financial information was current as of October 2001.
2000-52851-004	Board did not properly identify federal funds passed through to subrecipients as required by OMB Circular A-133 Section (d)(1)	2000	Compliance finding repeated in current year audit, however, management has indicated it has begun to properly identify federal funds to subreceptients beginning in fiscal year 2002.
2000-52851-005	Board did not comply with requirements of Medicaid contract to pay claims submitted for reimbursement in advance with nonfederal funds	2000	Compliance finding repeated in current year audit, however, management has indicated it began complying with this requirement beginning in fiscal year 2002.
1999-52851-006	The Board did not have policies and procedures to ensure compliance with Medicaid program.	2000	Comment repeated in current year audit, however, management has indicated it implemented procedures in fiscal year 2001 to ensure compliance with Medicaid program requirements.



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EASTERN MIAMI VALLEY ADAMHS BOARD

CLARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 31, 2002**