

***ALCOHOL, DRUG ADDICTION AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS
AND CARROLL COUNTIES***

AUDIT REPORT

FOR THE YEAR ENDING DECEMBER 31, 2004

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



**Auditor of State
Betty Montgomery**

Board Members
Alcohol, Drug Addiction and Mental Health Services Board
of Tuscarawas and Carroll Counties
1260 Monroe Street, Suite 27
New Philadelphia, Ohio 44663

We have reviewed the *Report of Independent Accountants* of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2004 and December 31, 2004. 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 Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 29, 2005

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**ALCOHOL, DRUG ADDICTION AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS
AND CARROLL COUNTIES**

**AUDIT REPORT
FOR THE YEAR ENDING DECEMBER 31, 2004**

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ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
BOARD OF TUSCARAWAS AND CARROLL COUNTIES

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund

Special Revenue Fund Types:

Medical Assistance Program; Medicaid, Title XIX fund

Alcohol and Drug Addiction Block Grant fund

Women's Set-Aside Grant Fund

Community Plan Block Grant Fund

Children/Adolescent Block Grant Special Fund

Drug Free School Grant Fund

Title XX Fund

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Board Members
Alcohol, Drug Addiction, and Mental Health
Services Board of Tuscarawas and Carroll Counties
New Philadelphia, Ohio 44663

We have audited the accompanying financial statements of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties (the Board), as of and for the year ended December 31, 2004, as listed in the table of contents. 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 of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash, investments and fund cash balances of the Alcohol, Drug Addiction, and Mental Health Services Board of Tuscarawas and Carroll Counties, as of December 31, 2004, and the receipts, disbursements, and changes in fund cash balances, its combined statements of receipts-budget and actual and combined statements of disbursements and encumbrances compared with expenditure authority for the year then ended in conformity with the basis of accounting referred to above.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2005 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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

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

Charles E. Harris & Associates, Inc.
March 23, 2005

ALCOHOL, DRUG ADDICTION AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS
AND CARROLL COUNTIES

COMBINED STATEMENT OF CASH, INVESTMENTS, AND
FUND CASH BALANCES - ALL FUND TYPES
AS OF DECEMBER 31, 2004

CASH AND INVESTMENTS HELD BY FISCAL AGENT	<u>\$ 1,547,207</u>
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CASH BALANCES BY FUND TYPE

GOVERNMENTAL FUND TYPES:	
General Fund	\$ 993,112
Special Revenue Funds	<u>554,095</u>
Total all funds	<u>\$ 1,547,207</u>

The accompanying notes are an integral part of these financial statements.

ALCOHOL, DRUG ADDICTION AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS AND CARROLL COUNTIES

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	General Fund	Special Revenue Fund	Total (Memorandum Only)
RECEIPTS			
Property Taxes	\$ 485,294	\$ -	\$ 485,294
Intergovernmental Receipts	3,669,142	3,517,694	7,186,836
Other Receipts	8,557	-	8,557
Total Receipts	4,162,993	3,517,694	7,680,687
 DISBURSEMENTS			
Salaries - employees	246,616	-	246,616
PERS	33,369	-	33,369
Insurance	46,049	-	46,049
Workers' Compensation	3,156	-	3,156
Medicare	3,571	-	3,571
Travel	4,024	-	4,024
Contracted Services	3,783,183	3,288,922	7,072,105
Supplies	10,188	-	10,188
Equipment	10,648	-	10,648
Repairs	7,356	-	7,356
Advertising	3,500	-	3,500
Other expenses	16,960	-	16,960
Total Disbursements	4,168,620	3,288,922	7,457,542
Excess of receipts over disbursements	(5,627)	228,772	223,145
 OTHER FINANCING SOURCES (USES):			
Advance in	147,500	147,500	295,000
Advance out	(147,500)	(147,500)	(295,000)
Transfers in	1,823	-	1,823
Transfers out	-	(1,823)	(1,823)
Total other financing sources (uses)	1,823	(1,823)	-
Excess of receipts and other financing sources under disbursements	(3,804)	226,949	223,145
Fund Cash Balances January 1, 2004	996,916	327,146	1,324,062
Fund Cash Balances December 31, 2004	\$ 993,112	\$ 554,095	\$ 1,547,207

The accompanying notes are an integral part of these financial statements.

ALCOHOL, DRUG ADDICTION AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS AND
CARROLL COUNTIES

COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

Fund Types/Funds	Estimated Receipts	Actual Receipts	Variance Favorable
GOVERNMENTAL:			
General Fund	\$ 4,122,928	\$ 4,312,316	\$ 189,388
Special Revenue Funds	<u>3,393,303</u>	<u>3,665,194</u>	<u>271,891</u>
Total (Memorandum Only)	<u>\$ 7,516,231</u>	<u>\$ 7,977,510</u>	<u>\$ 461,279</u>

The accompanying notes are an integral part of these financial statements.

ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH
SERVICES BOARD OF TUSCARAWAS AND CARROLL COUNTIES

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
COMPARED WITH EXPENDITURE AUTHORITY
FOR THE YEAR ENDED DECEMBER 31, 2004

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2004 Appropriations</u>	<u>Total</u>	<u>Actual 2004 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/2004</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
GOVERNMENTAL FUNDS:							
General Fund	\$ 318,129	\$ 4,801,715	\$ 5,119,844	\$ 4,316,120	\$ 139,000	\$ 4,455,120	\$ 664,724
Special Revenue Funds	<u>171,630</u>	<u>3,548,819</u>	<u>3,720,449</u>	<u>3,438,245</u>	<u>185,027</u>	<u>3,623,272</u>	<u>97,177</u>
Total (Memorandum Only)	<u>\$ 489,759</u>	<u>\$ 8,350,534</u>	<u>\$ 8,840,293</u>	<u>\$ 7,754,365</u>	<u>\$ 324,027</u>	<u>\$ 8,078,392</u>	<u>\$ 761,901</u>

The accompanying notes are an integral part of these financial statements.

ALCOHOL, DRUG ADDICTON AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS AND
CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Alcohol, Drug Addiction, and Mental Health Services Board of Tuscarawas and Carroll Counties (the Board) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board operates under the direction of a fifteen-member appointed board. The Tuscarawas County Auditor and Tuscarawas County Treasurer are responsible for fiscal control of the resources of the Board, which are maintained in the funds described below. Services provided by the Board include services to persons who are mentally ill, drug and alcohol services to residents, services to battered women, and services to students having trouble in school.

Management believes the financial statements included in this report represent all of the funds of the Board over which the board has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

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

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. FUND ACCOUNTING

The Board maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

ALCOHOL, DRUG ADDICTON AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS AND
CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

Governmental Fund Types

General Fund

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

Special Revenue Funds

Special revenue funds are to account for proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

D. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission certifies its actions to the Board by September 1. As part of this certification, the Board receives the official certificate of estimated resources, which states the projected receipts for each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Board must revise its budget so that the total contemplated expenditures from a fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2004 unencumbered fund balances. However, those fund balances are available for appropriation.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

ALCOHOL, DRUG ADDICTON AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS AND
CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

E. BUDGETARY PROCESS –(continued)

4. Encumbrances

The Board is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and need not be re-appropriated.

F. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. TOTAL COLUMN ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned “(Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to consolidation.

2. PROPERTY TAX

Tuscarawas County

Real property taxes are levied on assessed values, which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for the tax year 2002.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statue permits later payment dates to be established.

ALCOHOL, DRUG ADDICTON AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS AND
CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2004

2. PROPERTY TAX – (continued)

The full tax rate applied to real property for the tax (calendar) year 2003 was \$.50 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$.245 per \$1,000 of assessed valuation for real property classified as residential/agriculture, and \$.343 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback is reimbursed to the Board by the State of Ohio.

Owners of tangible personal property are required to file a list of property, including costs, by April 30, of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2004 was \$.50 per \$1,000 of assessed valuation.

Real Property – 2003 valuation:

Residential /Agricultural	\$ 984,665,180
Commercial/Industrial/Minerals	272,870,750
Public Utilities	498,370

Tangible personal property – 2004 valuation:

General	204,896,470
Public Utilities	<u>70,000,100</u>

Total Valuation	<u>\$1,532,930,300</u>
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Carroll County

Carroll County did not have a property tax levy in effect for community mental health, alcohol, and drug services.

3. EQUITY IN POOLED INVESTMENTS

The County Auditor serves as statutory fiscal officer of the Board. Board investments, as shown on the "Combined Statement of Investments and Fund Cash Balances" at December 31, 2004 were commingled with the County's cash and investments for investment purposes and were not separately identified as to risk.

ALCOHOL, DRUG ADDICTON AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS AND
CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2004

4. INTERFUND CASH ADVANCES OUTSTANDING

As of December 31, 2004, the following interfund cash advances from the Board's General Fund were not repaid as follows:

Special Revenue Funds:	
Title XIX Medicaid Fund	\$ 470,000
Alcohol & Drug Abuse Fund	70,000
Women's Set Aside Fund	50,000
Drug Free Schools Fund	<u>13,750</u>
Total	<u>\$ 603,750</u>

5. RETIREMENT COMMITMENTS

The Public Employees Retirement System of Ohio covered employees of the Board. The State of Ohio accounts for the activity of the retirement system and, accordingly, the amount of that fund is not reflected in the accompanying financial statements. As of December 31, 2004, Board employees contributed 8.5 percent of their gross wages to the fund, while the Board contributed 13.55 percent of its employees' gross wages.

6. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

Public officials' liability insurance is provided by Fireman's Fund Insurance Company with limits of \$1,000,000. This policy has a \$2,500 deductible.

The Board maintains position bonds on the Executive Director, Fiscal Manager and MIS Manager in the amount of \$50,000 each through Westfield Insurance Company.

Settled Claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

The Board pays the State Workers Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs

ALCOHOL, DRUG ADDICTON AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS AND
CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2004

6. RISK MANAGEMENT – (continued)

The Board has elected to provide employees' major medical, vision and hospitalization through the Tuscarawas County self-insured program. The predominate participant is the County. The County maintains a Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss in this program. This plan provides a major medical plan with a \$100 single and \$200 family deductible. A third party administrator, AultCare, located in Canton, Ohio, reviews all claims which are then paid by the County. The County purchases stop-loss coverage of \$100,000 per employee per year and an aggregate limit of \$1,000,000. The County pays coverage into the Self-Insurance Internal Service Fund for County employees. The County also provides employees with a death benefit. Premiums are paid by the fund that pays the covered employees' salary. Claims liability information is disclosed in the Tuscarawas County Comprehensive Annual Report.

7. CONTINGINCIES

Grants

The Board received financial assistance from federal and state agencies in form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits become liability of the general fund or other applicable funds.

ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES
BOARD OF TUSCARAWAS AND CARROLL COUNTIES

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDING DECEMBER 31, 2004

Federal Grantor/ Pass through Grantor <u>Program title</u>	<u>Pass through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services:			
<i>Passed through State Department of Mental Health:</i>			
Social Services Block Grant; Social Services Title XX	FY04	93.667	\$ 63,513
	FY05		21,171
Total (Note 2)			<u>84,684</u>
Medical assistance Program (Medicaid) Title XIX	FY03	93.778	1,032
	FY04		1,417,191
	FY05		846,894
Total (Note 2)			<u>2,265,117</u>
Composite Block Grants:			
Community Plan Block Grant	FY04	93.958	31,437
	FY05		31,437
Total (Note 2)			<u>62,874</u>
Children/Adolescent Block Grant	FY04	93.958	45,545
	FY05		17,963
Total (Note 2)			<u>63,508</u>
<i>Passed through State Department of Alcohol And Drug Addiction Services:</i>			
Alcohol and Drug Abuse Block Grant; ADMS	FY04	93.959	247,453
	FY05		155,739
Total (Note 2)			<u>403,192</u>
Women's Set-Aside Grant	FY04	93.959	91,536
	FY05		75,475
Total (Note 2)			<u>167,011</u>
Medical Assistance Program (Medicaid) Title XIX	FY04	93.778	117,107
	FY05		69,579
Total (Note 2)			<u>186,686</u>
<i>Total U.S. Department of Health and Human Services</i>			<u>3,233,072</u>
U.S. Department of Education:			
<i>Passed through Ohio Department of Education:</i>			
Drug Free Schools	FY04	84.186B	55,000
	FY05		23,842
Total (Note 2)			<u>78,842</u>
<i>Total U.S. Department of Education</i>			<u>78,842</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,311,914</u></u>

ALCOHOL, DRUG ADDICTION AND MENTAL
HEALTH SERVICES BOARD OF TUSCARAWAS AND
CARROLL COUNTIES

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDING DECEMBER 31, 2004

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Alcohol, Drug Addiction, and Mental Health Services Board of Tuscarawas and Carroll Counties and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2: SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Social Service Block Grant; Social Services	93.667	\$ 84,684
Community Plan Block Grant	93.958	62,874
Children/Adolescent Block Grant	93.958	63,508
Women's Set-Aside Grant	93.959	167,011
Alcohol and Drug Abuse Block Grant; ADMS	93.959	403,192
Drug Free Schools Grant	84.186B	78,842
Medical Assistance Program (Medicaid)	93.778	2,451,803

NOTE 3: MEDICAID

The Alcohol, Drug Addiction, and Mental Health Services Board of Tuscarawas and Carroll Counties expended \$2,451,803 from the Medical Assistance Program (Medicaid) Title XIX, CFDA Number 93.778 for fees for service program. During 2004, the Board paid providers the entire bill and was subsequently reimbursed for the Federal Financial Participation rate (FFP) of 59.23% through September 30, 2004 and 59.68% thereafter. Expenditures reported on this schedule reflect only the federal portion of the total Medicaid payments to the Board's providers during 2004.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Alcohol, Drug Addiction and Mental Health Services Board
of Tuscarawas and Carroll Counties
New Philadelphia, Ohio 44663

We have audited the accompanying financial statements of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties of the New Philadelphia, Ohio (the "Board") as of and for the year ended December 31, 2004, and have issued our report thereon dated March 23, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Charles E. Harris and Associates, Inc.
March 23, 2005

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH *OMB CIRCULAR A-133*

Board Members
Alcohol, Drug Addiction and Mental Health
Services Board of Tuscarawas and Carroll Counties
New Philadelphia, Ohio 44663

Compliance

We have audited the compliance of the Alcohol, Drug Addiction and Mental Health Services board of Tuscarawas and Carroll Counties (Board) with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2004. 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 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 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 on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2004.

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*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Charles E. Harris & Associates, Inc.

March 23, 2005

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH
SERVICES BOARD OF TUSCARAWAS AND CARROLL COUNTIES
December 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Title XIX: Medicaid CFDA #93.778 Block Grant CFDA #93.959
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A:>\$300,000 Type B: All Others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH
SERVICES BOARD OF TUSCARAWAS AND CARROLL COUNTIES**
December 31, 2004

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2003, included no material citations or recommendations.



**Auditor of State
Betty Montgomery**

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**A.D.A.M.H. SERVICES BOARD OF TUSCARAWAS & CARROLL COUNTIES
TUSCARAWAS 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
SEPTEMBER 8, 2005**