

**Alcohol, Drug Addiction,  
and Mental Health Services  
Board of Tuscarawas and  
Carroll Counties**

*Audited Financial Statements*

*December 31, 2011*





# Dave Yost • Auditor of State

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 *Independent Auditor's Report* of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 18, 2012

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

**AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

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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 Type:

General Fund

Special Revenue Fund Types:

Medical Assistance Program; Medicaid, Title XIX Fund

Title XX Fund

Alcohol and Drug Addiction Block Grant Fund

Federal Grants - Miscellaneous

Women's Set-Aside Grant Fund

Community Plan Block Grant Fund

Children/Adolescent Block Grant Special Fund

Drug Free School Grant Fund

FAST Grant Fund

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Alcohol, Drug Addiction, and Mental Health Services Board of  
Tuscarawas and Carroll Counties  
P.O. Box 6217  
New Philadelphia, OH 44663

April 30, 2012

We have audited the accompanying financial statements of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties, Tuscarawas County, Ohio (the "Board") as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' Government Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assure 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 our audit provides a reasonable basis for our opinions.

As discussed more fully in Note 1, the Board has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Board's larger funds separately. While the Board does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Boards to reformat their statements. The Board has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2011 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2011, or its changes in financial position or cash flows, where applicable for the years then ended.

Alcohol, Drug Addiction, and Mental Health  
Services Board of Tuscarawas and Carroll Counties  
Independent Auditor's Report  
April 30, 2012

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties, Tuscarawas County, as of December 31, 2011, and its combined cash receipts and disbursements for the year ended, and the respective budgetary comparison for the general fund and combined special revenue funds thereof, for the year then ended in conformity with the basis of accounting described in Note 1.

As described in Note 1, during 2011 the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with Government Auditing Standards, we have also issued our report dated April 30, 2012 on our consideration of the Government'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. It should be read in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Government's financial statements taken as a whole. The schedule of expenditures of federal awards provides additional information 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. The schedule of expenditures of federal awards is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Rea & Associates, Inc.*



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

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Special Revenue Fund	Total (Memorandum Only)
<b>RECEIPTS:</b>			
Property taxes	\$ 369,477	\$ 0	\$ 369,477
Intergovernmental receipts	3,790,923	3,663,206	7,454,129
Other receipts	20,443	1,231	21,674
<i>Total receipts</i>	4,180,843	3,664,437	7,845,280
<b>DISBURSEMENTS:</b>			
Salaries - employees	310,895	0	310,895
PERS	43,525	0	43,525
Insurance	60,479	0	60,479
Workers' Compensation	3,165	0	3,165
Medicare	4,471	0	4,471
Travel	5,117	0	5,117
Contract services	4,746,689	3,079,568	7,826,257
Supplies	6,137	0	6,137
Equipment	10,811	0	10,811
Repairs	2,268	0	2,268
Other expenses	21,184	0	21,184
<i>Total disbursements</i>	5,214,741	3,079,568	8,294,309
<i>Excess of receipts over (under) disbursements</i>	(1,033,898)	584,869	(449,029)
<b>OTHER FINANCING SOURCES (USES):</b>			
Advance In	617,500	256,165	873,665
Advance Out	(256,165)	(617,500)	(873,665)
<i>Total other financing sources (uses)</i>	361,335	(361,335)	0
<i>Excess of receipts and other financing sources over (under) disbursements</i>	(672,563)	223,534	(449,029)
<i>FUND CASH BALANCES, January 1, 2011</i>	761,864	200,207	962,071
Restricted for State and Federal Grants	-	423,741	423,741
Unassigned	89,301	-	89,301
<i>FUND CASH BALANCES, December 31, 2011</i>	\$ 89,301	\$ 423,741	\$ 513,042

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, 2011

<u>Fund Types/Funds</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance (Unfavorable)</u>
GOVERNMENTAL:			
General Fund	\$ 5,201,218	\$ 4,798,343	\$ (402,875)
Special Revenue Funds	3,830,199	3,920,602	90,403
<i>Total (Memorandum Only)</i>	<u>\$ 9,031,417</u>	<u>\$ 8,718,945</u>	<u>\$ (312,472)</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, 2011

<u>Fund Types/Funds</u>	Prior Year Carryover Appropriations	2011 Appropriations	Total	Actual 2011 Disbursements	Encumbrances Outstanding at 12/31/2011	Total	Variance Favorable
GOVERNMENTAL FUNDS:							
General Fund	\$ 116,879	\$ 5,740,407	\$ 5,857,286	\$ 5,470,906	\$ 66,518	\$ 5,537,424	\$ 319,862
Special Revenue Funds	54,157	4,080,945	4,135,102	3,697,068	140,653	3,837,721	297,381
<i>Total (Memorandum Only)</i>	<u>\$ 171,036</u>	<u>\$ 9,821,352</u>	<u>\$ 9,992,388</u>	<u>\$ 9,167,974</u>	<u>\$ 207,171</u>	<u>\$ 9,375,145</u>	<u>\$ 617,243</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

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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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 an eighteen-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

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 in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These 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:

Governmental Fund 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 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. The Board had the following significant

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

special revenue fund.

*Title XIX Fund* - This fund receives reimbursements for Medicaid disbursements.

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 October 28 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 December 1. As part of this certification, the Board receives the official certificate of estimated resources which states the projected receipts of 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 fiscal 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, 2011, unencumbered fund balances. However, those fund balances are available for appropriations.

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. Budgetary expenditures may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources.

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 reappropriated.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. FUND BALANCE

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Board must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. 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

The Board of Directors can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Directors 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 the Board of Directors or a Board official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

F. CHANGES IN ACCOUNTING PRINCIPALS

For fiscal year 2011, the Board has implemented Governmental Accounting Standards (GASB) Statement No. 54 "Fund Balance Reporting and Governmental Fund type definitions."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

G. 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.

H. 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 a 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 tax year 2007 and the last reappraisal was completed for tax year 2010.

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 statute permits later payment dates to be established.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

2. PROPERTY TAX (Continued)

The full tax rate applied to real property for the tax (calendar) year 2010 was \$.50 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$.216878 per \$1,000 of assessed valuation for real property classified as residential/agricultural, and \$.342952 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 reductions is reimbursed to the Board by the State of Ohio.

Public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

Tangible personal property tax revenue received during calendar 2011 (other than public utility property) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property was eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the taxing districts due to the phasing out of the tax. In calendar years 2006-2010, the taxing districts were fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

Real property – 2010 valuation:

Residential/Agricultural	\$ 1,238,183,250
Commercial/Industrial	285,120,880
Public Utilities	1,678,850
Minerals	11,891,410

Tangible personal property - 2011 valuation:

Public Utilities	<u>73,077,780</u>
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Total valuation	<u>\$ 1,609,952,170</u>
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ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
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NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011

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2. PROPERTY TAX (Continued)

The Tuscarawas County Treasurer collects property tax on behalf of all taxing districts within the county. The Tuscarawas County Auditor periodically remits to the taxing districts their portion of the taxes collected.

3. EQUITY IN POOLED INVESTMENTS

The County Auditor serves as statutory fiscal officer of the Board. At December 31, 2011 the Board's cash balances were commingled with the County's cash and investments for investment purposes and were not separately identified as to risk.

4. INTERFUND CASH ADVANCES OUTSTANDING

As of December 31, 2011, the following interfund cash advances from the Board's General Fund were not repaid as follows:

Special Revenue Funds:

Title XIX Medicaid Fund	\$ 100,000
Alcohol & Drug Abuse Fund	157,966
Women's Set Aside Fund	93,610
Community Mental Health Special Fund	<u>4,589</u>
	<u>\$ 356,165</u>

5. RETIREMENT COMMITMENTS

Employees of the Board were covered by the Ohio Public Employees Retirement System. 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, 2011, Board employees contributed 10.00 percent of their gross wages to the fund, while the Board contributed 14.00 percent of its employees' gross wages.

6. LEASE AGREEMENT

The Board has entered into a lease agreement for the premises located at 1260 Monroe Street, Suite 27N, New Philadelphia, OH for a term of five years beginning October 2007. The rental fees for the first year were \$2,000 per month, plus common area maintenance (CAM) charges-adjustments made annually in February. Monthly rental amounts increase \$50 per month for each succeeding year. The board paid total rent of \$33,112 during 2011; of this amount \$32,545 was for this lease agreement.

7. 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.

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NOTES TO THE FINANCIAL STATEMENTS  
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7. RISK MANAGEMENT (Continued)

Public officials' liability insurance is provided by Arch Insurance Company with limits of \$1,000,000. This policy has a \$3,000 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 1.0445% of salaries. This rate is calculated based on accident history and administrative costs.

The Board has elected to provide employees' major medical, vision and hospitalization through the Tuscarawas County self-insured program. The predominant 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 \$250 single and \$500 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 of \$968 family, \$947 couple and \$383 individual per employee per month, which represents the entire premium required. These premiums are paid by the fund that pays the salary for the employee and is based on historic cost information. Claims liability information is disclosed in the Tuscarawas County Comprehensive Annual Financial Report.

8. CONTINGENCIES

Grants

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

Ohio Department of Mental Health Loan

The Board obtained a loan from the Ohio Department of Mental Health (ODMH) in March 2000 to purchase property to be used for mental health activities. This loan was in the amount of \$126,099, maturing March 1, 2040 with monthly payments of \$263. The ODMH has agreed to forgive the loan as long as the facility is used for mental health activities. Should the purpose of the facility change or the building be sold, the remaining balance would be owed to the ODMH. The balance at December 31, 2011 is \$89,057.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Alcohol, Drug Addiction, and Mental Health Services Board of  
Tuscarawas and Carroll Counties  
P.O. Box 6217  
New Philadelphia, OH 44663

April 30, 2012

We have audited the financial statements of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties, Tuscarawas County, Ohio (the Board) as of and for the year ended December 31, 2011, and have issued our report thereon dated April 30, 2012 wherein we noted the Board followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

**Internal Control over Financial Reporting**

Management of the Board is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Alcohol, Drug Addiction, and Mental Health  
Services Board of Tuscarawas and Carroll Counties  
Internal Control and Compliance Report  
April 30, 2012

**Compliance and Other Matters**

As part of obtaining a 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 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Board in a separate letter dated April 30, 2012.

This report is intended for the information and use of the management, Board of Directors, 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.

*Rea & Associates, Inc.*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Alcohol, Drug Addiction, and Mental Health Services Board of  
Tuscarawas and Carroll Counties  
P.O. Box 6217  
New Philadelphia, OH 44663

April 30, 2012

**Compliance**

We have audited the compliance of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties, Tuscarawas County (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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. 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 of America; and OMB Circular A-133, *Audits of State, 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 on the Board's compliance with those requirements.

In our opinion, the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

### **Internal Control Over Compliance**

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 a material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information and use of the management, Board of Directors, 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.

*Hea & Associates, Inc.*

ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
 BOARD OF TUSCARAWAS AND CARROLL COUNTIES  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 DECEMBER 31, 2011

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
<i>Passed through State Department of Mental Health:</i>			
Social Services Block Grant; Social Services Title XX	FY11	93.667	\$ 58,069
	FY12		25,279
Total			<u>83,348</u>
Medical Assistance Program (Medicaid) Title XIX	FY11	93.778	1,657,358
Medical Assistance Program (Medicaid) Title XIX - ARRA	FY11		188,244
Total			<u>1,845,602</u>
State Children's Insurance Program	FY10	93.767	5,310
	FY11		219,630
Total			<u>224,940</u>
Early Childhood Mental Health	FY10	93.590	31,301
Total			<u>31,301</u>
<b>Block Grants for Community Mental Health Services:</b>			
Children/Adolescent Block Grant	FY11	93.958	38,618
	FY12		13,767
OSU Suicide Prevention	FY11		2,350
	FY12		2,688
High Quality Supportive Housing for Consumers	BG-11-100-20-001		1,673
Ace Transportation	FY11		11,700
Community Plan Block Grant	FY11		31,547
	FY12		30,862
Total			<u>133,205</u>
<i>Passed through State Department of Alcohol and Drug Addiction Services:</i>			
<b>Substance Abuse Block Grant:</b>			
Alcohol and Drug Abuse Block Grant; ADMS	FY11	93.959	130,512
	FY12		118,854
Women's Set-Aside Grant	79-8310-WOMENT-T-11-9004		16,281
	79-8310-WOMENT-T-12-9004		92,671
Total			<u>358,318</u>
Strategic Prevention Framework State Incentive Grant	FY 12	93.243	50,452
Shelter Care	FY 12	14.238	40,554
Medical Assistance Program (Medicaid) Title XIX	FY10	93.778	181
	FY11		172,090
Medical Assistance Program (Medicaid) Title XIX - ARRA	FY11		20,570
Total			<u>192,841</u>
State Children's Insurance Program	FY11	93.767	4,843
Total			<u>4,843</u>
<i>Total - Medical Assistance Program (Medicaid) Title XIX (Passed through ODMH and ODADAS)</i>		93.778	2,038,443
<i>Total - State Children's Insurance Program (Passed through ODMH and ODADAS)</i>		93.767	<u>229,783</u>
<i>Total U.S. Department of Health and Human Services</i>			2,965,404
<b>U.S. Department of Education:</b>			
<i>Passed through State Department of Alcohol and Drug Addiction Services:</i>			
Rehabilitation Services - Vocational Rehabilitation	FY 12	84.126	41,443
Total			<u>41,443</u>
<i>Total U.S. Department of Education</i>			<u>41,443</u>
<b>U.S. Department of Justice Bureau of Justice Assistance</b>			
<i>Passed through Ohio Office of Criminal Justice Services</i>			
Edward Byrne Memorial Justice Assistance Grant Formula Program - ARRA	2010-JG-01-C01-6847	16.803	72,657
Total	FY 12		<u>72,657</u>
<i>Total U.S. Department of Justice Bureau of Justice Assistance</i>			<u>72,657</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,079,504</u>

The accompanying notes are an integral part of this schedule.

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2011

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

The ADAMH Board passes-through certain Federal assistance received from Ohio Department of Mental Health (ODMH), Ohio Alcohol and Drug Addition Services (ODADAS), and Ohio Office of Criminal Justice Services (OCJS) to not-for-profit agencies (sub-recipients). As described in Note 1, the ADAMH Board records expenditures of Federal awards to sub-recipients when paid in cash.

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

NOTE 3: MEDICAID AND SCHIP

The Alcohol, Drug Addiction, and Mental Health Services Board of Tuscarawas and Carroll Counties expended \$2,038,443 (services through 6/30/11) from the Medical Assistance Program (Medicaid) Title XIX (which includes ARRA amount), CFDA No. 93.778 for fees for service programs. In SFY 2012, a funding change took place and the state started issuing Medicaid Advances to the Board. These advances are no longer considered federal revenues therefore their expenses will not be listed above or on the Federal Schedule. During 2011, the Board paid providers the entire bill and was subsequently reimbursed for the Federal Financial Participation rate (FFP) of:

FFY	FMAP	Matching %	ARRA ADJUSTMENTS	
			FMAP	Matching %
2008 (10/1/07 – 9/30/08)	60.79%	39.21%		
2009 (10/1/08 – 3/30/09)	62.14%	37.86%	70.25%	29.75%
2009 (4/1/09 – 9/30/09)	62.14%	37.86%	72.34%	27.66%
2010 (10/1/09 – 9/30/10)	63.42%	36.58%	73.47%	26.53%
2010 (10/1/10-12/31/10)	63.69%	36.31%	73.71%	26.29%
2011 (1/1/11-9/30/11)	63.69%	36.31%	74.58%	25.42%
2011 (10/1/11-12/31/11)	63.58%	36.42%	74.51%	25.49%



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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2011

NOTE 3: MEDICAID AND SCHIP (continued)

The Alcohol, Drug Addiction, and Mental Health Services Board of Tuscarawas and Carroll Counties expended \$229,783 from the State Children's Insurance Program (SCHIP), CFDA Number 93.767 for fees for service program. During 2011, the Board paid providers the entire bill and was subsequently reimbursed for the Federal Financial Participation rate (FFP) of 74.58% through September 30, 2011 and 74.51% thereafter. Expenditures reported on this schedule reflect only the federal portion of the total Medicaid payments to the Board's providers during 2011.

NOTE 4: MATCHING

Certain Federal programs require that the Board contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has complied with the matching requirements.

Expenditures reported on this schedule reflect only the federal portion of the total Medicaid payments to the Board's providers during 2011.

**ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
 BOARD OF TUSCARAWUS AND CARROLL COUNTIES  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 OMB CIRCULAR A-133 , Section .505  
 DECEMBER 31, 2011**

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

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any significant deficiencies or material weaknesses reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(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	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Title XIX: Medicaid - (ARRA Included)	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?	Yes

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

None were noted

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None were noted



# Dave Yost • Auditor of State

**ALCOHOL, DRUG, ADDICTION AND MENTAL HEALTH SERVICES BOARD OF TUSCARAWAS AND  
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  
JULY 03, 2012**