



**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH
SERVICES BOARD OF ADAMS, LAWRENCE AND
SCIOTO COUNTIES
SCIOTO COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD OF
ADAMS, LAWRENCE AND SCIOTO COUNTIES
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REPORT OF INDEPENDENT ACCOUNTANTS

Alcohol, Drug Addiction and Mental Health Services
Board of Adams, Lawrence and Scioto Counties
Scioto County
802 Chillicothe Street
Portsmouth, Ohio 45662

To the Members of the Board:

We have audited the accompanying financial statement of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Scioto County, Ohio, (the Board) as of and for the year ended December 31, 1999. This financial statement is the responsibility of the Board's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement on the 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 statement referred to above presents fairly, in all material respects, the fund cash balance and reserve for encumbrances of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Scioto County, Ohio, as of December 31, 1999, and its 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 have also issued our report dated October 3, 2000 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.

Our audit was performed for the purpose of forming an opinion on the financial statement of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, taken as a whole. The accompanying Schedule of Federal Awards Expenditures 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 statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end of the last name.

Jim Petro
Auditor of State

October 3, 2000

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD OF
ADAMS, LAWRENCE AND SCIOTO COUNTIES
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1999**

Cash Receipts:

Grants	\$9,955,598
Other	<u>365,015</u>
Total Cash Receipts	<u>10,320,613</u>

Cash Disbursements:

Salaries	480,092
Supplies and Materials	15,640
Equipment	18,992
Contracts - Services	9,681,524
Rentals - Facility Expenses	485
Travel and Expenses	23,589
Public Employee's Retirement	62,544
Workers' Compensation	6,986
Other Expenses	<u>241,029</u>

Total Cash Disbursements	<u>10,530,881</u>
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Excess Cash Receipts Over/(Under) Cash Disbursements	<u>(210,268)</u>
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Fund Cash Balance, January 1	<u>1,571,178</u>
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Fund Cash Balance, December 31	<u><u>\$1,360,910</u></u>
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Reserve for Encumbrances, December 31	<u><u>\$861,912</u></u>
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The notes to the financial statement are an integral part of this statement.

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**ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD OF
ADAMS, LAWRENCE AND SCIOTO COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Scioto County, Ohio, (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. The Board includes members from those legislative authorities as well as citizens of the political subdivisions. Those subdivisions are Adams County, Lawrence County and Scioto County. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board's Counties. These services are provided primarily through contracts with private and public agencies.

The Board's management believes the financial statement presents all activities for which the Board is financially accountable.

B. Basis of Accounting

The financial statement follows 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash

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

D. Budgetary Process

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

1. Appropriations

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

**ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD OF
ADAMS, LAWRENCE AND SCIOTO COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

2. Estimated Resources

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

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 1999 budgetary activity appears in Note 2.

E. 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 statement.

F. 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 basis of accounting used by the Board.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999, follows:

1999 Budgeted vs. Actual Receipts

<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
\$11,490,827	\$10,320,613	\$(1,170,209)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
\$11,891,791	\$11,392,793	\$498,996

**ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD OF
ADAMS, LAWRENCE AND SCIOTO COUNTIES
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

3. RETIREMENT SYSTEM

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 post-retirement 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 1999, PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 13.55% of participants' gross salaries. The Board has paid all contributions required through December 31, 1999.

4. 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 and vision coverage to full-time employees through a private carrier.

5. JOINTLY GOVERNED ORGANIZATIONS

The Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence, and Scioto Counties is a member of the Southern Consortium for Children (SCC) which is a regional Council of Government, authorized by Chapter 167 of the Ohio Revised Code. The SCC serves as a program planner, developer and coordinator of four (4) Alcohol, Drug Addiction and Mental Health Services Boards (Washington County; Athens, Hocking and Vinton Counties; Gallia, Jackson and Meigs Counties; and Adams, Lawrence and Scioto Counties) for youth who are severely emotionally disturbed (SED).

The SCC operates under an appointed (4) member board, consisting of the Executive Director of each of the above mentioned Alcohol, Drug Addiction and Mental Health Services Boards, and is responsible for planning, developing, implementing, maintaining and monitoring children's mental health service programs within the service district.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. 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.

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**ALCOHOL, DRUG ADDICTION AND MENTAL HELATH SERVICES BOARD OF
ADAMS, LAWRENCE AND SCIOTO COUNTIES
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 1999**

FEDERAL GRANTOR		Federal	
<i>Pass-Through Grantor</i>	Pass-Through	CFDA	
<u>Program Title</u>	<u>Entity Number</u>	<u>Number</u>	<u>Disbursements</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Pass-Through State Department of Alcohol and Drug Addiction Services:</i>			
Block Grants for the Prevention and Treatment of Substance Abuse		93.959	
Women's Residential	N/A		248,326
Per Capita	N/A		<u>584,447</u>
Total Prevention and Treatment of Substance Abuse Grants			832,773
<i>Pass-Through State Department of Mental Health:</i>			
Runaway and Homeless Youth	N/A	93.623	15,496
Social Services Block Grant	N/A	93.667	354,273
Block Grants for Community Mental Health Services		93.958	
Community Plan	N/A		38,853
Adult/Child DAT Appalachian Study	N/A		4,963
Child/Adolescent	N/A		<u>28,338</u>
Total Community Mental Health Services Grants			72,154
<i>Pass-Through State Department of Mental Health and State Department of Alcohol and Drug Addiction Services:</i>			
Medical Assistance Program		93.778	
Medicaid (Title XIX)	N/A		
ODADAS			372,362
ODMH			1,990,539
PASARR/OBRA	N/A		<u>19,650</u>
Total Medical Assistance Program			<u>2,382,551</u>
Total United States Department of Health and Human Services			<u>3,657,247</u>
Total Federal Awards Expenditures			<u>\$3,657,247</u>

The accompanying notes to this Schedule are an integral part of this Schedule.

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD OF
ADAMS, LAWRENCE AND SCIOTO COUNTIES
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 1999**

Note 1 - BASIS OF ACCOUNTING

The Board prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Note 2 - SUBRECIPIENTS

The Board passes through certain federal grants from the State Department of Mental Health and the State Department of Alcohol and Drug Addiction Services to various not-for-profit corporations. As described in Note 1, the Board records expenditures of federal awards to subrecipients when paid in cash.

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

To achieve that goal, the Board requires that each of the subrecipients receive an annual audit performed in accordance with OMB Circular A-133.



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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Alcohol, Drug Addiction and Mental Health Services
Board of Adams, Lawrence and Scioto Counties
Scioto County
802 Chillicothe Street
Portsmouth, Ohio 45662

To Members of the Board:

We have audited the accompanying financial statement of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Scioto County, Ohio, (the Board) as of and for the year ended December 31, 1999, and have issued our report thereon dated October 3, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 statement is 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 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 that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Board in a separate letter dated October 3, 2000.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, that do not required inclusion in this report, that we have reported to management of the Board in a separate letter dated October 3, 2000.

Alcohol, Drug Addiction and Mental Health Services
Board of Adams, Lawrence and Scioto Counties
Scioto County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

October 3, 2000



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

Alcohol, Drug Addiction and Mental Health Services
Board of Adams, Lawrence and Scioto Counties
Scioto County
802 Chillicothe Street
Portsmouth, Ohio 45662-4028

To the Members of the Board:

Compliance

We have audited the compliance of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Scioto County, Ohio, (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 its major federal program for the year ended December 31, 1999. The Board's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 generally accepted auditing standards; 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

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.



Jim Petro
Auditor of State

October 3, 2000

**ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD OF
ADAMS, LAWRENCE AND SCIOTO COUNTIES
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 1999**

1. SUMMARY OF AUDITOR'S 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)?	No
(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 material noncompliance 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 § .510?	No
(d)(1)(vii)	Major Programs (list):	Medical Assistance Program 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**

The audit of the Alcohol, Drug Addiction and Mental Health Services Board, for the year ended December 31, 1999, contains no findings required to be reported in accordance with GAGAS.

3. FINDINGS FOR FEDERAL AWARDS

The audit of the Alcohol, Drug Addiction and Mental Health Services Board, for the year ended December 31, 1999, contains no findings for federal awards.



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A.D.A.M.H. SERVICES BOARD OF ADAMS, LAWRENCE AND SCIOTO COUNTIES

SCIOTO 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
OCTOBER 24, 2000**