

**MENTAL HEALTH & RECOVERY BOARD OF
CLARK, GREENE AND MADISON COUNTIES**

Financial Statements

June 30, 2005

with

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

Board of Trustees
Mental Health & Recovery Board of Clark, Greene and Madison Counties
1055 East High St.
Springfield, OH 45505

We have reviewed the *Independent Auditors' Report* of the Mental Health & Recovery Board of Clark, Greene and Madison Counties, Clark County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2004 through June 30, 2005. 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 Auditors' 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 Auditors' 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 Mental Health & Recovery Board of Clark, Greene and Madison 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

December 28, 2005

This Page is Intentionally Left Blank.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE AND MADISON COUNTIES**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statement:	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – All Governmental Fund Types – For the Year Ended June 30, 2005	3
Notes to the Financial Statement	4-9
Schedule of Expenditures of Federal Awards – For the Year Ended June 30, 2005	10
Notes to the Schedule of Expenditures of Federal Awards	11
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	12-13
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	14-15
Schedule of Findings and Questioned Costs	16-17



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

Independent Auditors' Report

Board of Trustees
Mental Health & Recovery Board of Clark, Greene and Madison Counties
Springfield, Ohio

We have audited the accompanying financial statement of the Mental Health & Recovery Board of Clark, Greene and Madison Counties (the Board) as of and for the year ended June 30, 2005. The financial statement is the responsibility of the Board's management. Our responsibility is to express an opinion on the financial statement 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 described more fully in Note 1, the Board has prepared the financial statement using accounting practices the Auditor of State of Ohio 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Board to reformat its financial statement presentation and make other changes effective for the year ended June 30, 2005. Instead of the combined funds the accompanying financial statement presents for the year ended June 30, 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Board has elected not to reformat its statements. Since this Board does not use GAAP to measure financial statement amounts, 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 statement referred to above for the year ended June 30, 2005 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 June 30, 2005, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above present fairly, in all material respects, the combined fund cash balances of the Mental Health & Recovery Board of Clark, Greene and Madison Counties as of June 30, 2005, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Board to include Management's Discussion and Analysis for the year ended June 30, 2005. The Board has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we also have issued our report dated September 27, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statement of the Board, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
September 27, 2005

MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES

Combined Statement of Cash Receipts, Cash Disbursements, and Changes

in Fund Cash Balances - All Governmental Fund Types

For the Year Ended June 30, 2005

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Taxes	\$ 6,947,147	\$ -	\$ 6,947,147
Intergovernmental	1,227,223	18,458,762	19,685,985
Rental income	712,922	-	712,922
Miscellaneous	32,273	93,594	125,867
Total cash receipts	8,919,565	18,552,356	27,471,921
Cash Disbursements:			
Salaries	863,830	116,369	980,199
Benefits	279,352	27,888	307,240
Treatment services to contract agencies	7,187,368	18,822,551	26,009,919
Professional services	92,219	6,812	99,031
Supplies and materials	44,234	6,458	50,692
Capital outlay/equipment	604,192	-	604,192
Repairs	45,714	1,570	47,284
Contract services	54,685	3,553	58,238
Rental and utilities	293,830	1,138	294,968
Advertising and printing	1,672	186	1,858
Travel expense	8,233	1,180	9,413
Debt expense	117,290	-	117,290
Miscellaneous	152,559	962	153,521
Total cash disbursements	9,745,178	18,988,667	28,733,845
Total cash receipts under cash disbursements	(825,613)	(436,311)	(1,261,924)
Other financing receipts/(disbursements):			
Proceeds from sale of notes	259,352	-	259,352
Refund of prior year disbursement	357,264	-	357,264
Advance-in	93,639	-	93,639
Advance-out	-	(93,639)	(93,639)
Total other financing receipts(disbursements)	710,255	(93,639)	616,616
Excess of cash receipts and other financing receipts under cash disbursements and other financing disbursements	(115,358)	(529,950)	(645,308)
Fund balances at beginning of year	1,367,974	1,266,445	2,634,419
Fund balances at end of year	\$ 1,252,616	\$ 736,495	\$ 1,989,111

See accompanying notes to the financial statement.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE AND MADISON COUNTIES**

Notes to the Financial Statement
June 30, 2005

1. Summary of Significant Accounting Policies:

Reporting entity

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

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

Basis of accounting

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

Cash

As required by Ohio Revised Code, the Board's cash is held and invested by the Clark County Treasurer, who acts as custodian for the Board's money. The Board's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's carrying amount. Information related to investments and credit risk can be obtained by reviewing the Clark County, Ohio financial statements.

Fund accounting

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

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

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

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE AND MADISON COUNTIES**

Notes to the Financial Statement
June 30, 2005

Budgetary process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of fiscal year 2005 budgetary activity appears in Note 2.

Property, plant and equipment

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

Unpaid vacation and sick leave

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

Interfund Transactions

During the course of normal operations, the Board will, as necessary, transfer or advance cash between funds to meet current obligations.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE AND MADISON COUNTIES**

Notes to the Financial Statement
June 30, 2005

2. Budgetary Activity:

Budgetary activity for the year ending June 30, 2005 follows:

<u>2005 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 9,323,930	9,536,181	212,251
Special revenue	<u>16,649,699</u>	<u>18,552,356</u>	<u>1,902,657</u>
Total	\$ <u>25,973,629</u>	<u>28,088,537</u>	<u>2,114,908</u>

<u>2005 Budgeted vs. Actual Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 9,756,466	9,745,178	(11,288)
Special revenue	<u>19,110,934</u>	<u>18,998,667</u>	<u>(112,267)</u>
Total	\$ <u>28,867,400</u>	<u>28,743,845</u>	<u>(123,555)</u>

The Board did not budget for advances to and from one fund to another.

3. Long-Term Obligations:

Over the years, the Board has received numerous mortgage loans payable from the State of Ohio Department of Mental Health to fund construction projects. These loans are being forgiven by the State over 40 years, as long as the use of these facilities continues to provide mental health services. The loans are exempt from the debt limitations established by Section 5705.19 of the Ohio Revised Code. The original balances of these loans are as follows:

<u>Loan Number</u>	<u>Original Balance</u>	<u>ODMH Balance as of 6/30/05</u>
MH-092	\$ 2,083,001	\$ 763,235
MH-110	1,528,646	554,134
MH-136	344,841	135,927
MH-207	1,229,396	517,371
MH-324	99,779	52,504
MH-364	58,146	33,389
MH-379	128,006	75,909
MH-409	131,000	83,240
MH-414	225,200	141,219

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE AND MADISON COUNTIES**

Notes to the Financial Statement
June 30, 2005

MH-519	142,500	103,016
MH-591	437,400	338,985
MH-636	73,900	60,311
MH-637	129,500	104,679
MH-726	94,000	83,229
MH-731	<u>30,000</u>	<u>27,688</u>
TOTAL	\$ <u>6,735,315</u>	\$ <u>3,074,835</u>

The Board is also a party to various promissory notes related to the purchase of property, secured by mortgages on the related properties:

A promissory note to Sky Bank in the amount of \$216,000 issued on June 30, 1999 with an interest rate of 6.89% for 240 months with final maturity in fiscal year 2019. The promissory note relates to the acquisition of 1480 Anna Street, Fairborn, Ohio.

A promissory note to Bank One with an original borrowing of \$105,000 issued on April 21, 2000. The remaining balance on the mortgage in the amount of \$98,751 was refinanced on January 15, 2003 at a fixed interest rate of 7.5% until maturity on October 21, 2005. Monthly installments of \$1,011 will be paid on the mortgage on the property at 323 and 335 E. Market, Xenia, Ohio.

A promissory note to Sky Bank with an original mortgage borrowing of \$860,000 on December 21, 2000. The principal amount of \$746,454 was refinanced on December 12, 2002 at a 6.5% interest rate through December 21, 2005, when it will be adjusted to the U.S. Treasury weekly average yield on a constant five-year maturity. The final maturity will be on December 21, 2010 with an estimated balloon payment of \$523,062. The property mortgages is the facility at 600 Dayton-Yellow Springs Road, Fairborn, Ohio.

A promissory note to Huntington National Bank with an original borrowing of \$320,000 issued on April 9, 2004. This loan was secured through a mortgage on the new Drop-In Center building which was completed in the fall of 2005. During fiscal year 2005, the Board had draws against this note totaling \$259,352 to finance the construction of the new building. At January 1, 2005 the interest rate on the loan was set at 3.145% and will be adjusted to the 3-month LIBOR average annually. The monthly debt service payment is \$1,610 and the mortgage is on the facility located at the rear of 224 East Street in Springfield Ohio.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE AND MADISON COUNTIES**

Notes to the Financial Statement
June 30, 2005

Future principal and interest requirements at June 30, 2005, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 135,148	65,279	200,427
2007	51,403	60,476	111,879
2008	54,245	57,634	111,879
2009	57,283	54,597	111,880
2010	60,527	51,351	111,878
2011-2015	668,302	78,562	746,864
2016-2020	160,445	22,568	183,013
2021-2025	<u>80,971</u>	<u>2,584</u>	<u>83,555</u>
Total	\$ <u>1,268,324</u>	<u>393,051</u>	<u>1,661,375</u>

4. Property Tax:

Real property taxes become a lien on January 1 preceding the October 1 date. Property tax levies have been passed in Clark, Greene and Madison Counties. Total mental health levy tax rates are 2.0, 1.5, and 0.5 mills in Clark, Greene and Madison Counties, respectively. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reported in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semi annual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the respective counties.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Retirement Systems:

The Board's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For 2005 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 June 30, 2005. See Clark County, Ohio financial report for complete pension disclosure.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE AND MADISON COUNTIES**

Notes to the Financial Statement
June 30, 2005

6. Ohio Deferred Compensation Program:

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

7. Risk Management:

The Board has obtained commercial insurance for the following risks:

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

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

8. Contingencies:

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

MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2005

<u>Grant Title</u>	<u>CFDA Number</u>	<u>Award Year</u>	<u>Pass-through Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF EDUCATION:				
<i>Passed through Ohio Department of Alcohol and Drug Addiction:</i>				
Families and Schools Together (FAST)	84.186B	2005	12-10501-00 DFSCA-P-05-9067	\$ 50,000
Total U.S. Department of Education				<u>50,000</u>
U. S. DEPARTMENT OF HUMAN SERVICES:				
<i>Passed through Ohio Department of Mental Health:</i>				
Promoting Safe and Stable Families	93.556	2005	(1)	74,851
Block Grants:				
Community Plan		2005	(1)	163,445
Children/Adolescent		2005	(1)	<u>57,895</u>
Total Block Grants:	93.958			221,340
Title XX				
		2004	(1)	58,911
		2005	(1)	<u>117,402</u>
Total Title XX	93.667			176,313
<i>Passed through Ohio Department of Alcohol and Drug Addiction:</i>				
Juvenile Court Diversion Program	93.243	2005	12-00409-SIG- P-05-0407	115,000
Block Grants:				
Women and Children's Treatment Program		2005	12-01039-00- WOMAN-T-05-9925	205,000
Women's Treatment		2005	12-01123-00- WOMAN-T-05-9045	390,258
Treatment Per Capita		2004	(1)	5,319
		2005	(1)	<u>745,094</u>
Total Treatment Per Capita				750,413
Prevention Per Capita		2005	(1)	<u>283,917</u>
Total Block Grants	93.959			1,629,588
<i>Passed through Multiple Agencies:</i>				
Title XIX (passed through Ohio Department of Mental Health)		2004	(1)	1,346,628
		2005	(1)	<u>4,804,156</u>
				6,150,784
Title XIX (passed through Ohio Department of Alcohol & Drug Addiction)		2004	(1)	756,179
		2005	(1)	<u>197,211</u>
				<u>953,390</u>
Total Title XIX	93.778			7,104,174
Title XIX SCHIPS (passed through Ohio Department of Mental Health)		2005	(1)	241,062
Title XIX SCHIPS (passed through Ohio Department of Alcohol & Drug Addiction)		2005	(1)	<u>104,936</u>
Total Title XIX SCHIPS	93.767			<u>345,998</u>
Total U.S. Department of Human Services				<u>9,667,264</u>
TOTAL FEDERAL AWARDS				\$ <u>9,717,264</u>

(1) Pass-through; number not available

See accompanying notes to this schedule.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE AND MADISON COUNTIES**

Notes to the Schedule of Expenditures of Federal Awards
June 30, 2005

1. Significant Accounting Policies:

The accompanying schedule of federal award expenditures is a summary activity of all federal awards programs of the Mental Health & Recovery Board of Clark, Greene and Madison Counties (the Board). The schedule has been prepared on the cash basis of accounting.

2. Sub-Recipients:

The Board obtains grants through the Ohio Department of Mental Health (ODMH) and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) and contracts with sub-recipient agencies for providing services. The sub-recipient agencies have certain compliance responsibilities related to administering these federal programs. Under OMB Circular A-133, the Board is responsible for monitoring sub-recipients to help assure that federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

Board subsidies were allocated to the following ODMH provider agencies for 2005:

- Clark County Family and Children First Council
- Elderly United of Springfield and Clark County
- Forensic Psychiatry Center for Western Ohio
- Greene County Educational Service Center
- Greene County Family and Children First Council
- Housing Solutions of Greene County, Inc.
- Integrated Youth Services
- Madison County Family and Children First Council
- Mental Health and AOD Services of Madison County
- Mental Health Services, Inc. for Clark County
- N.A.M.I. of Clark and Greene Counties
- Project Woman of Springfield
- TCN Behavioral Health Services

Board subsidies were allocated to the following ODADAS provider agencies for 2005:

- Center of Restoration and Empowerment
- Clark County Sheriff's Department DARE
- Clark County Educational Service Center
- Family Service Agency
- Greene County Educational Service Center
- Greene Leaf Therapeutic Community
- Integrated Youth Services
- Madison Area Youth Center
- McKinley Hall
- Mental Health & AOD Services of Madison County
- Mental Health Services for Clark County
- Springfield Metropolitan Housing Authority
- TCN Behavioral Health Services
- Women's Recovery Center



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

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 Trustees
Mental Health & Recovery Board of Clark, Greene and Madison Counties
Springfield, Ohio

We have audited the financial statement of the Mental Health & Recovery Board of Clark, Greene and Madison Counties (the Board), as of and for the year ended June 30, 2005, and have issued our report thereon dated September 27, 2005, in which we noted the Board prepared its financial statement on a comprehensive basis of accounting other 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

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 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 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 in 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 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Board in a separate letter dated September 27, 2005.

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
September 27, 2005



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

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

Board of Trustees
Mental Health & Recovery Board of Clark, Greene and Madison Counties
Springfield, Ohio

Compliance

We have audited the compliance of the Mental Health & Recovery Board of Clark, Greene and Madison Counties (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
September 27, 2005

EASTERN MIAMI VALLEY ADAMHS BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2005

1. SUMMARY OF AUDITORS' RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified								
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	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 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 §.510?	No								
(d)(1)(vii)	Major Programs (list):	<table border="0"> <thead> <tr> <th><u>Program</u></th> <th><u>CFDA#</u></th> </tr> </thead> <tbody> <tr> <td>Title XIX</td> <td>93.778</td> </tr> <tr> <td>Title XIX S-Chips</td> <td>93.767</td> </tr> <tr> <td>SAPT Block Grants</td> <td>93.959</td> </tr> </tbody> </table>	<u>Program</u>	<u>CFDA#</u>	Title XIX	93.778	Title XIX S-Chips	93.767	SAPT Block Grants	93.959
<u>Program</u>	<u>CFDA#</u>									
Title XIX	93.778									
Title XIX S-Chips	93.767									
SAPT Block Grants	93.959									
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others								
(d)(1)(ix)	Low Risk Auditee?	Yes								

EASTERN MIAMI VALLEY ADAMHS BOARD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
JUNE 30, 2005

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

NONE NOTED DURING YEAR ENDED JUNE 30, 2005

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE NOTED DURING THE YEAR ENDED JUNE 30, 2005

4. SCHEDULE OF PRIOR AUDIT FINDINGS

NONE NOTED DURING THE YEAR ENDED JUNE 30, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**MENTAL HEALTH AND RECOVERY BOARD OF
CLARK, GREENE AND MADISON COUNTIES**

CLARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2005**