



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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STATE OF OHIO
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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, 2001. 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 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 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 cash balance and reserve for encumbrances of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Scioto County, as of December 31, 2001, 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 May 31, 2002, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statement of the Board 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.

Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of management, the Board, the Audit Committee, 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

May 31, 2002

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

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGE IN CASH BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2001

Cash Receipts:

Grants	\$11,568,461
Other	243,392
Total Cash Receipts	<u>11,811,853</u>

Cash Disbursements:

Salaries	497,567
Supplies and Materials	20,868
Equipment	30,254
Contracts - Services	10,084,023
Rentals - Facility Expenses	242
Travel and Expenses	24,425
Public Employee's Retirement	66,952
Workers' Compensation	2,341
Other Expenses	<u>241,924</u>

Total Cash Disbursements 10,968,596

Excess of Cash Receipts Over Cash Disbursements 843,257

Cash Balance, January 1 1,463,451

Cash Balance, December 31 **\$2,306,708**

Reserve for Encumbrances, December 31 \$28,878

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
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001**

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, (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 is associated with the Southern Consortium for Children, which is defined as a jointly governed organization. This organization is described in Note 6.

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

B. Basis of Accounting

This 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).

This 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 Scioto County Treasurer is custodian for the Board's cash. The Board's cash is held in the County's cash and investment pool, and are valued at the County Treasurer's carrying amount.

D. Budgetary Process

The Ohio Revised Code requires the Board to prepare an annual budget.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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
SCIOTO COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2001**

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 2001 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, 2000, follows:

2001 Budgeted vs. Actual Receipts

Budgeted Receipts	Actual Receipts	Variance
\$13,358,100	\$11,811,853	\$(1,546,247)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Appropriation Authority	Budgetary Expenditures	Variance
\$13,275,304	\$10,997,474	\$2,277,830

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2000
(Continued)**

3. 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 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Board has paid all contributions required through December 31, 2001.

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.

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2000
(Continued)**

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.

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

FEDERAL GRANTOR		Federal	
<i>Pass-Through Grantor</i>	Pass-Through	CFDA	
Program Title	Entity Number	Number	Disbursements
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		\$478,832
Per Capita	N/A		<u>522,707</u>
Total Prevention and Treatment of Substance Abuse Grants			<u>1,001,539</u>
Total State Department of Alcohol and Drug Addiction Services			1,001,539
<i>Pass-Through State Department of Mental Health:</i>			
Runaway and Homeless Youth	N/A	93.623	23,121
Social Services Block Grant	N/A	93.667	529,640
Block Grants for Community Mental Health Services		93.958	
Community Plan	N/A		77,171
Adult/Child DAT Appalachian Study	N/A		7,932
Consumer Outcomes	N/A		13,456
Child/Adolescent	N/A		<u>31,472</u>
Total Community Mental Health Services Grants			<u>130,031</u>
Total State Department of Mental Health			682,792
<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			610,395
ODMH			2,586,311
PASARR/OBRA	N/A		<u>15,600</u>
Total Medical Assistance Program			<u>3,212,306</u>
Total State Department of Mental Health and State Department of Alcohol and Drug Addiction Services:			<u>3,212,306</u>
Total United States Department of Health and Human Services			<u>4,896,637</u>
Total Federal Awards Expenditures			<u>\$4,896,637</u>

The accompanying Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the Board's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B- 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.

NOTE C - MATCHING REQUIREMENTS

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. The expenditure of non-federal matching funds is not included on the Schedule.



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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 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, 2001, and have issued our report thereon dated May 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's financial 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 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 that are required to be reported under *Government Auditing Standards*.

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 statement 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 statement 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.

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, the Audit Committee, 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 stylized with a large loop at the end.

Jim Petro
Auditor of State

May 31, 2002



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OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTS 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

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, 2001. 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 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 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 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, 2001.

Internal Control Over Compliance

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

Alcohol, Drug Addiction and Mental Health Services
Board of Adams, Lawrence and Scioto Counties
Scioto County
Report of Independent Accountants on Compliance With Requirements
Applicable to Each Major Federal Program and Internal Control
Over Compliance in Accordance With OMB Circular A-133
Page 2

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, the Audit Committee, 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", written in a cursive style.

Jim Petro
Auditor of State

May 31, 2002

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

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ADAMH BD 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
JULY 2, 2002**