



**Auditor of State
Betty Montgomery**

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES**

HENRY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Notes to the Financial Statements.....	5
Schedule of Federal Awards Expenditures	11
Notes to the Schedule of Federal Awards Expenditures	12
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	15
Schedule of Findings	17
Schedule of Prior Audit Findings	20

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Four County Board of Alcohol, Drug Addiction,
and Mental Health Services
Henry County
T-761 State Route 66
Archbold, Ohio 43502-9537

To Members of the Board:

We have audited the accompanying financial statements of the Four County Board of Alcohol, Drug Addiction, and Mental Health Services Board (the Board) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Board prepares its financial statements on 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.

Four County Board of Alcohol, Drug Addiction,
and Mental Health Services
Henry County
Independent Accountants' Report
Page 2

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Board as of December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2004 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.

We performed our audit to form an opinion on the financial statements of the Board, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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 statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies, and pass-through entities, 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.



Betty Montgomery
Auditor of State

June 10, 2004

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Taxes	\$ 2,896,272		\$ 2,896,272
Intergovernmental	3,088,757	\$ 2,747,928	5,836,685
Gifts and Donations	30		30
Miscellaneous Receipts	2,037		2,037
Total Cash Receipts	<u>5,987,096</u>	<u>2,747,928</u>	<u>8,735,024</u>
Cash Disbursements			
Current:			
Salaries	251,304		251,304
Supplies	3,675		3,675
Equipment	3,355		3,355
Contracts - Repair	2,990		2,990
Contracts - Services	5,965,207		5,965,207
Rentals	38,276		38,276
Travel	18,940		18,940
Public Employee's Retirement	44,866		44,866
Worker's Compensation	2,193		2,193
Insurance	36,711		36,711
Project Fund Disbursements		2,650,324	2,650,324
Levy Fees	67,925		67,925
Other			-
Other	90,181		90,181
Total Cash Disbursements	<u>6,525,623</u>	<u>2,650,324</u>	<u>9,175,947</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(538,527)</u>	<u>97,604</u>	<u>(440,923)</u>
Other Financing Receipts:			
Reimbursements	116,240		116,240
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(422,287)</u>	<u>97,604</u>	<u>(324,683)</u>
Fund Cash Balances, January 1	<u>3,500,232</u>	<u>340,236</u>	<u>3,840,468</u>
Fund Cash Balances, December 31	<u>\$ 3,077,945</u>	<u>\$ 437,840</u>	<u>\$ 3,515,785</u>
Reserves for Encumbrances, December 31	<u>\$ 446,267</u>	<u>\$ 163,393</u>	<u>\$ 609,660</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

This page intentionally left blank.

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES**

HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Four County Board of Alcohol, Drug Addiction, and Mental Health Services, Henry 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 a joint county alcohol, drug addiction and mental health services board, as defined by §340.01, Ohio Revised Code. The Board is a joint venture between Defiance, Fulton, Henry, and Williams Counties. The purpose of this Board is to provide alcohol, drug addiction, and mental health services to individuals in the four counties.

The Board is directed by an eighteen-member Board. The breakdown is as follows: four members are appointed by the Ohio Director of Alcohol and Drug Addiction Services, four are appointed by the Ohio Director of Mental Health Services, three each are appointed by Defiance and Fulton County Commissioners, and two each are appointed by the Henry and Williams County Commissioners.

The main sources of revenue for the Board are state and federal grants, and property tax levies covering the entire four county area. Services are provided primarily through contracts with private agencies. The Board operates autonomously from the Counties, and the Counties have no financial responsibility for the operations of the Board. The Auditor and Treasurer of Defiance County are responsible for fiscal control of the resources of the Board which are maintained in the funds described below. The Counties have indirect access to the net resources of the Board. In the event any County withdrew from the Board, it would be entitled to a share of the state and federal grants that are currently being received by the Board. This access to the net resources of the Board has not been explicitly defined, nor is it currently measurable.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

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

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES**

HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)

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).

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

C. Cash

As required by Ohio Revised Code, the 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. 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:

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Board had the following significant Special Revenue Funds:

Title XIX Medicaid Fund – Provides financial assistance to provider agencies, (subrecipients), to provide payments for medical services provided to cash assistance recipients, members of certain mandatory and optional groups who do not receive cash assistance, or other individuals for which cash assistance is available but whose income or resources, while too high for eligibility for those programs, are insufficient to meet the cost of their medical care.

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES**

HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)

Substance Abuse Prevention Treatment Fund – Provides financial assistance to local provider agencies, (subrecipients), to support projects for the development and implementation of prevention, treatment and rehabilitation activities directed to the diseases of alcohol and drug abuse.

E. 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.

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 2003 budgetary activity appears in Note 2.

F. 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.

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES**

HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under Board's basis of accounting.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 6,047,038	\$ 6,103,336	\$ 56,298
Special Revenue	2,747,929	2,747,928	(1)
Total	\$ 8,794,967	\$ 8,851,264	\$ 56,297

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 10,975,028	\$ 6,971,890	\$ 4,003,138
Special Revenue	3,837,306	2,813,717	1,023,589
Total	\$ 14,812,334	\$ 9,785,607	\$ 5,026,727

Contrary to Ohio law, legally adopted appropriations varied with what was posted in the appropriations ledger in the General Fund, Social Services Block Grant Fund, Women's Program Fund, Community Program Fund, Medical Assistance Program Fund, Substance Abuse Prevention Treatment Fund, and the Kids Special Purpose Block Grant Fund.

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund, Social Services Block Grant Fund, Community Plan Block Grant Fund, Medical Assistance

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES**

HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)

Program Fund, Substance Abuse Prevention Treatment Fund, and the Kid's Special Purpose Block Grant Fund.

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. 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 reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual 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 Board.

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.

4. RETIREMENT SYSTEMS

The Board's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2003, OPERS members contributed 8.5 percent of their gross salaries. The Board contributed an amount equal to 13.55 percent of participants' gross salaries through December 31, 2003. The Board has paid all contributions required through December 31, 2003.

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES**

HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

(Continued)

5. RISK MANAGEMENT

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.

The Board provides health insurance to full-time employees through a private carrier. The Board also provides each employee with up to \$550 per month for family coverage, reimbursement for dental and vision expenses, and other medical expenses not covered by insurance.

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.

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES
HENRY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

FEDERAL GRANTOR <i>Pass-through Grantor</i>		Federal CFDA Number	Disbursements
Program Title	Project Number		
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Mental Health</i>			
Social Services Block Grants - Title XX	-	93.667	\$ 88,180
Block Grants for Community Mental Health Services:	-		
Kids Special Purpose Block Grant	-	93.958	38,755
Community Plan Block Grants	-	93.958	<u>50,194</u>
Total Block Grants for Community Mental Health Services			88,949
Medical Assistance Program (Medicaid) - Title XIX	-	93.778	1,530,636
<i>Passed through the Ohio Department of Alcohol and Drug Addiction Services</i>			
Medical Assistance Program (Medicaid) - Title XIX	-	93.778	<u>224,681</u>
Total Medical Assistance Program (Medicaid) - Title XIX			1,755,317
Block Grants for Prevention and Treatment of Substance Abuse:			
Substance Abuse Prevention Treatment Block Grant	-	93.959	511,802
Women's Program	20-01140-00-WOMEN		
	T-03-9027	93.959	106,073
	20-01140-00-WOMEN		
	T-04-9027	93.959	<u>100,003</u>
Total - Women's Program			<u>206,076</u>
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>717,878</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,650,324</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES**

HENRY COUNTY

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The Board passes-through certain Federal assistance received from the United State Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). As described in Note A, 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 Federal 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 grant 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.



**Auditor of State
Betty Montgomery**

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

Four County Board of Alcohol, Drug Addiction,
and Mental Health Services
Henry County
T-761 State Route 66
Archbold, Ohio 43502-9537

To Members of the Board:

We have audited the accompanying financial statements of the Four County Board of Alcohol, Drug Addiction, and Mental Health Services (the Board) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 10, 2004. We conducted our audit in accordance with auditing standards generally accepted by 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 statements are 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2003-001 and 2003-002.

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

Four County Board of Alcohol, Drug Addiction,
and Mental Health Services
Henry County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

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.

This report is intended solely for the information and use of the audit committee, management, the Board, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 10, 2004



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Four County Board of Alcohol, Drug Addiction,
and Mental Health Services
Henry County
T-761 State Route 66
Archbold, Ohio 43502-9537

To Members of the Board:

Compliance

We have audited the compliance of the Four County Board of Alcohol, Drug Addiction, and Mental Health Services (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, 2003. 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 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, 2003.

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 solely for the information and use of the audit committee, management, the Board, 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.



Betty Montgomery
Auditor of State

June 10, 2004

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES**

HENRY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2003

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)?	Yes
<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):	Title XIX – 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**

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Revised Code § 5705.40 provides that appropriation measures may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. Legally adopted appropriations differed from amounts booked in the Board’s ledgers, in the amounts identified below:

Fund	Legally Adopted Appropriations	Appropriations Per Ledgers	Variance
General Fund	\$ 10,221,830	\$ 10,143,861	\$ (77,969)
Social Services Block Grant - Title XX	146,500	88,180	(58,320)
Women's Program	221,000	206,077	(14,923)
Community Plan Block Grant	100,703	50,194	(50,509)
Medical Assistance Program (Medicaid)	2,500,000	1,840,136	(659,864)
Substance Abuse Prevention Treatment	603,632	520,488	(83,144)
Kids Special Purpose Block Grant	54,000	38,755	(15,245)

Lack of Board approval for amendments to annual appropriations may allow the Board to make expenditures in excess of amounts intended. Further, it does not allow the Board to adequately monitor budgeted versus actual disbursements. We recommend that the Director of Business Operations only make amendments to the appropriations ledger based on formally documented approval of the Board.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Revised Code § 5705.39 provides that appropriations from each fund shall not exceed the estimated revenue available for expenditure from that fund as certified by the budget commission in the certificate of estimated resources. Appropriations adopted by the Board exceeded the amount of estimated revenue certified as available by the budget commission in the following funds:

**FINDING NUMBER 2003-002
(Continued)**

Fund	Appropriations	Estimated Resources	Variance
General Fund	\$ 10,221,830	\$ 8,794,072	\$ (1,427,758)
Social Services Block Grant - Title XX	146,500	88,180	(58,320)
Community Plan Block Grant	100,703	50,194	(50,509)
Medical Assistance Program (Medicaid)	2,500,000	1,950,572	(549,428)
Substance Abuse Prevention Treatment	603,632	526,216	(77,416)
Kids Special Purpose Block Grant	54,000	38,755	(15,245)

The unfavorable variances were due to the Board delegating its authority to amend appropriations to the fiscal officer at year end. Total appropriations in excess of total approved estimated resources may result in deficit spending. We recommend the Board specifically adopt all appropriation amendments and record such actions in the minute records.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES**

HENRY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> :
2002-001	Revised Code § 5705.39 appropriations exceeding estimated revenue	No	Not corrected. Reissued as finding number 2003-002.



**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

FOUR COUNTY BOARD OF ALCOHOL, DRUG ADDICTION & MENTAL HEALTH SERVICES

HENRY 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 6, 2004**