



**Auditor of State  
Betty Montgomery**



**MENTAL HEALTH AND RECOVERY BOARD  
BELMONT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balance For the Year Ended December 31, 2003 .....	3
Notes to the Financial Statement.....	5
Schedule of Federal Awards Expenditures.....	9
Notes to Schedule of Federal Awards Expenditures .....	10
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	13
Schedule of Findings - <i>OMB Circular A-133 § .505</i> .....	15

**This page intentionally left blank.**



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Mental Health and Recovery Board  
Belmont County  
99 North Sugar Street  
St. Clairsville, Ohio 43950

To the Members of the Board:

We have audited the accompanying financial statement of the Mental Health and Recovery Board, Belmont County, Ohio (the Board), as of and for the year ended December 31, 2003. 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 described 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 Mental Health and Recovery Board, Belmont County, as of December 31, 2003, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 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.

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 statement. We subjected this information to the auditing procedures applied in the audit of the financial statement. In our opinion, it is fairly stated, in all material respects, in relation to the financial statement taken as whole.

Mental Health and Recovery Board  
Belmont County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the audit committee, management, the Board, and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 30, 2004

**MENTAL HEALTH AND RECOVERY BOARD  
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>Cash Receipts:</b>	
Taxes	\$930,459
Grants	6,364,765
Other Receipts	<u>51,088</u>
Total Cash Receipts	<u>7,346,312</u>
<b>Cash Disbursements:</b>	
Current:	
Salaries	218,860
Supplies	6,200
Equipment	14,218
Contracts - Repair	6,971
Contracts - Services	8,106,479
Advertising and Printing	560
Travel	17,874
Public Employee's Retirement	35,496
Worker's Compensation	2,062
Medicare	2,398
Other	<u>158,385</u>
Total Cash Disbursements	<u>8,569,503</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(1,223,191)</u>
Cash Balance, January 1	<u>3,107,089</u>
<b>Cash Balance, December 31</b>	<b><u><u>\$1,883,898</u></u></b>
Reserve for Encumbrances, December 31	<u><u>\$199,603</u></u>

*The notes to the financial statement are an integral part of this statement.*

**This page intentionally left blank.**

**MENTAL HEALTH AND RECOVERY BOARD  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Mental Health and Recovery Board, Belmont 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 that make up the Board. Those subdivisions are the County Commissioners of Belmont, Harrison and Monroe Counties, the Ohio Department of Mental Health Services and the Ohio Department of Alcohol and Drug Addiction Services. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. These services are provided primarily through contracts with private and public agencies.

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 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 is valued at the County Treasurer's carrying amount.

**D. Budgetary Process**

The Ohio Revised Code requires the Board to adopt 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.

**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.

**MENTAL HEALTH AND RECOVERY BOARD  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

**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 3.

**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. 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 the Board's basis of accounting.

**2. CASH AND INVESTMENTS**

The Belmont County Treasurer serves as the fiscal agent for the Board and the investments of the County funds, including the Board's cash. The Board maintains no control over the investment of its cash. The carrying amount of cash and investments at December 31, 2003, was \$1,883,898.

**Deposits:** The Board's deposits, maintained by the Belmont County Treasurer, are either insured by the Federal Deposit Insurance Corporation or were considered collateralized by securities held by the pledging institutions' trust departments in Belmont County's name and all State statutory requirements for the deposit of money had been followed.

**3. BUDGETARY ACTIVITY**

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

2003 Budgeted vs. Actual Receipts			
	Budgeted Receipts	Actual Receipts	Variance
	\$6,800,000	\$7,346,312	\$546,312

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation Authority	Budgetary Expenditures	Variance
	\$9,078,424	\$8,769,106	\$309,318

**MENTAL HEALTH AND RECOVERY BOARD  
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(Continued)**

**4. 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 statement as Grants. 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.

**5. 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% of their gross salaries. The Board contributed an amount equal to 13.55% of participants' gross salaries. The Board has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Board has obtained commercial insurance for the following risks:

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

**7. CONTINGENT LIABILITIES**

The Board is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, counsel believes that the resolution of this matter will not materially adversely affect the Board's financial condition.

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.

**This page intentionally left blank.**

**MENTAL HEALTH AND RECOVERY BOARD  
BELMONT COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Expenditures
<b>UNITED STATES DEPARTMENT OF EDUCATION:</b>			
<i>Passed-Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Safe and Drug Free Schools and Communities - State Grants	84.186A	COME-ADA-WP02XX	\$56,717
	84.186A	COME-ADA-WP03MM	<u>85,810</u>
Total Safe and Drug Free Schools and Communities - State Grants			<u>142,527</u>
Total United States Department of Education			<u>142,527</u>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed-Through Ohio Department of Mental Health Services:</i>			
Social Services Block Grant (Title XX)	93.667	N/A - FY03	78,798
	93.667	N/A - FY04	<u>26,020</u>
Total Social Services Block Grant (TitleXX)			104,818
Medical Assistance Program (Title XIX)	93.778	N/A	2,277,059
Block Grants for Community Mental Health Services:			
Community Plan Block Grant	93.958	N/A - FY03	45,065
	93.958	N/A - FY04	<u>16,899</u>
Total Community Plan Block Grant			61,964
Children/Adolescent Block Grant Core	93.958	N/A - FY03	22,391
	93.958	N/A - FY04	<u>7,463</u>
Total Children/Adolescent Block Grant Core			29,854
Rapid Infusion Block Grant	93.958	N/A	<u>1,000</u>
Total Block Grants for Community Mental Health Services			<u>92,818</u>
<i>Total Passed-Through Ohio Department of Mental Health Services</i>			<u>2,474,695</u>
<i>Passed-Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	COME-ADA-WP03JL	5,287
Medical Assistance Program (Title XIX)	93.778	N/A	109,727
Block Grants for Prevention and Treatment of Substance Abuse:			
Substance Abuse Prevention Treatment Block Grant	93.959	COME-ADA-WP02ZG	151,045
	93.959	COME-ADA-WP03K0	<u>181,104</u>
Total Substance Abuse Prevention Treatment Block Grant			332,149
Residential Treatment for Women	93.959	COME-ADA-WP02ZG	123,546
	93.959	COME-ADA-WP03K0	<u>122,910</u>
Total Residential Treatment for Women			<u>246,456</u>
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>578,605</u>
<i>Total Passed-Through Ohio Department of Alcohol and Drug Addiction Services</i>			<u>693,619</u>
Total United States Department of Health and Human Services			<u>3,168,314</u>
<b>Total Federal Awards Expenditures</b>			<u><b>\$3,310,841</b></u>

*The Notes to the Schedule of Federal Awards Expenditures is an integral part of the Schedule.*

**MENTAL HEALTH AND RECOVERY BOARD  
BELMONT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
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 Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services to 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**

Mental Health and Recovery Board  
Belmont County  
99 North Sugar Street  
St. Clairsville, Ohio 43950

To the Members of the Board:

We have audited the accompanying financial statement of the Mental Health and Recovery Board, Belmont County, Ohio (the Board), as of and for the year ended December 31, 2003, and have issued our report thereon dated July 30, 2004. 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 we must report 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 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.

Mental Health and Recovery Board  
Belmont County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 30, 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**

Mental Health and Recovery Board  
Belmont County  
99 North Sugar Street  
St. Clairsville, Ohio 43950

To the Members of the Board:

#### **Compliance**

We have audited the compliance of the Mental Health and Recovery Board, Belmont 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 each of its major federal programs for the year ended December 31, 2003. The Board's major federal programs are 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 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 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 each of its major federal programs 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.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Mental Health and Recovery Board  
Belmont County  
Independent Accountants' Report on Compliance with Requirements Applicable  
to Major Federal Programs 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 solely for the information and use of the audit committee, management, the Board, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

July 30, 2004

**MENTAL HEALTH AND RECOVERY BOARD  
BELMONT 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)?	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 (Title XIX), CFDA #93.778; Block Grants for Prevention and Treatment of Substance Abuse, CFDA #93.959
<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 STATEMENT  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.





**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**

**BELMONT 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  
SEPTEMBER 2, 2004**