

**EASTERN MIAMI VALLEY ALCOHOL,
DRUG ADDICTION, MENTAL HEALTH
SERVICES (ADAMHS) BOARD**

Financial Statements

June 30, 2004

with

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

Board of Trustees
Eastern Miami Valley ADAMHS Board
1055 E. High St.
Springfield, OH 45505

We have reviewed the Independent Auditor's Report of the Eastern Miami Valley ADAMHS Board, Clark County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2003 through June 30, 2004. 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.

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 Eastern Miami Valley ADAMHS Board is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 21, 2005

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EASTERN MIAMI VALLEY ADAMHS BOARD

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Independent Auditors' Report

Board of Trustees
Eastern Miami Valley ADAMHS Board
Springfield, Ohio

We have audited the accompanying combined statement of cash receipts, cash disbursements and changes in fund cash balances of the Eastern Miami Valley ADAMHS Board (the Board) as of and for the year ended June 30, 2004. 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 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 accounting principals generally accepted in the United States of America.

In our opinion, the financial statement referred to above, present fairly, in all material respects, the combined fund cash balances of the Eastern Miami Valley ADAMHS Board as of June 30, 2004, and its combined 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 also have issued our report dated December 16, 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 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 statements. Such information has been subjected 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 Board, management, the Auditor of State and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hachett & Co.

Springfield, Ohio
December 16, 2004

EASTERN MIAMI VALLEY ADAMHS BOARD
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2004

	Governmental Fund Types		Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue		
Cash Receipts:				
Taxes	\$ 6,439,328	-	-	6,439,328
Intergovernmental	830,142	16,878,937	-	17,709,079
Rental income	714,700	-	-	714,700
Miscellaneous	211,866	88,718	-	300,584
Total Cash Receipts	<u>8,196,036</u>	<u>16,967,655</u>	<u>-</u>	<u>25,163,691</u>
Cash Disbursements:				
Salaries	943,849	114,397	-	1,058,246
Benefits	317,769	32,397	-	350,166
Supplies and materials	165,724	7,030	1,211	173,965
Capital outlay/equipment	298,581	-	-	298,581
Repairs	64,570	2,697	-	67,267
Contract services	6,456,877	16,374,715	8,768	22,840,360
Rental and utilities	306,268	676	-	306,944
Advertising and printing	4,373	227	-	4,600
Travel expense	10,381	420	-	10,801
Debt expense	106,000	-	-	106,000
Miscellaneous	170,625	23,944	-	194,569
Total cash disbursements	<u>8,845,017</u>	<u>16,556,503</u>	<u>9,979</u>	<u>25,411,499</u>
Total receipts over/(under) disbursements	<u>(648,981)</u>	<u>411,152</u>	<u>(9,979)</u>	<u>(247,808)</u>
Other financing receipts/(disbursements):				
Proceeds from sale of notes	60,648	-	-	60,648
Refund of prior year disbursement	142,175	4,213	-	146,388
Refund of prior year receipt	-	-	(30,607)	(30,607)
Advance In	930,450	809,430	-	1,739,880
Advance Out	(809,430)	(930,450)	-	(1,739,880)
Total other financing receipts/ (disbursements)	<u>323,843</u>	<u>(116,807)</u>	<u>(30,607)</u>	<u>176,429</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>(325,138)</u>	<u>294,345</u>	<u>(40,586)</u>	<u>(71,379)</u>
Fund balances at beginning of year	<u>1,693,112</u>	<u>972,100</u>	<u>40,586</u>	<u>2,705,798</u>
Fund balances at end of year	<u>\$ 1,367,974</u>	<u>1,266,445</u>	<u>-</u>	<u>2,634,419</u>

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies:

Reporting entity

The Eastern Miami Valley Alcohol, Drug Addiction and Mental Health Services (ADAMHS) Board (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 Drug and Alcohol 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.

Fiduciary (Agency) Funds – These funds are used to account for resources restricted by funds for which the Board receives in an agency capacity.

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2004

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 2004 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 advances cash between funds to meet current obligations.

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2004

2. Budgetary Activity:

Budgetary activity for the year ending June 30, 2004 follows:

<u>2004 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 8,485,963	8,398,859	(87,104)
Special revenue	17,147,881	16,971,868	(176,013)
Agency	-	-	-
Total	\$ <u>25,633,844</u>	<u>25,370,727</u>	<u>(263,117)</u>

<u>2004 Budgeted vs. Actual Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 8,911,675	8,845,017	(66,658)
Special revenue	16,681,277	16,556,503	(124,774)
Agency	<u>40,892</u>	<u>40,586</u>	<u>(306)</u>
Total	\$ <u>25,633,844</u>	<u>25,442,106</u>	<u>(191,738)</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 6/30/04</u>
MH-092	\$ 2,083,001	\$ 815,310
MH-110	1,528,646	592,350
MH-136	344,841	144,548
MH-207	1,229,396	548,106
MH-324	99,779	54,999
MH-364	58,146	34,842
MH-379	128,006	79,109
MH-409	131,000	86,515

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2004

MH-414	225,200	146,849
MH-519	142,500	106,579
MH-591	437,400	349,920
MH-636	73,900	62,159
MH-637	129,500	107,917
MH-726	94,000	85,579
MH-731	<u>30,000</u>	<u>28,438</u>
TOTAL	\$ <u>6,735,315</u>	\$ <u>3,243,218</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 8.530% 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 334 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.

Future principal and interest requirements at June 30, 2004, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 37,595	67,853	105,448
2006	120,865	60,994	181,859
2007	36,922	56,389	93,311
2008	39,563	53,748	93,311
2009	42,397	50,915	93,312
2010-2014	619,748	105,043	724,791
2015-2019	<u>91,501</u>	<u>21,215</u>	<u>122,716</u>
Total	\$ <u>988,591</u>	<u>416,157</u>	<u>1,404,748</u>

On April 9, 2004, the Board entered into a construction loan with Huntington National Bank for the construction of a new Drop-In Center building. The total amount of the loan was set at \$320,000 to be repaid over 20 years after the completion of the construction project, with only

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2004

interest payments due during the seven month construction period. The initial interest rate was set at 3.52% for the seven month construction period and will then be adjusted to the 3-month LIBOR average annually thereafter. The loan was secured through a mortgage on the new building being constructed on the Board campus at East Street in Springfield, Ohio. Loan proceeds are accessible through draws to pay certified construction costs; at June 30, 2004 the total of construction draws totaled \$60,648. A schedule of repayment on the loan will be determined once construction is completed and the principal amount to be repaid is determined.

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 and Greene Counties. Total mental health levy tax rates are 2.0 and 1.5 mills in Clark and Greene 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 2004 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, 2004. See Clark County, Ohio financial report for complete pension disclosure.

EASTERN MIAMI VALLEY ADAMHS BOARD

Notes to the Financial Statements

June 30, 2004

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
- 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.

9. Subsequent Events:

In November, 2004 voters in Madison County approved a new five-year, 0.5 mill property tax levy to provide funding for the operation of mental health and recovery programs and the maintenance of facilities. This levy is anticipated to generate approximately \$350,000 in additional tax revenue for the Board, with the first collection occurring in the second half of fiscal year 2005.

In addition, subsequent to the end of fiscal year 2004, the Board changed the name of the organization from the Eastern Miami Valley Alcohol, Drug Addiction and Mental Health Services Board to the Mental Health & Recovery Board of Clark, Greene, and Madison Counties.

EASTERN MIAMI VALLEY ADAMHS BOARD

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2004

<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>Pass-through Ohio Department of Alcohol and Drug Addiction:</i>				
Families and Schools Together (FAST)	84.186B	2004	12-10501-00 DFSCA-P-03-9067	50,000
Total U.S. Department of Education				<u>50,000</u>
U. S. DEPARTMENT OF HUMAN SERVICES:				
<i>Pass-through Ohio Department of Mental Health:</i>				
Block Grants:				
Community Plan		2004	(1)	163,445
Children/Adolescent		2004	(1)	57,895
Total Block Grants:	93.958			<u>221,340</u>
Title XX				
		2004	(1)	177,222
		2003	(1)	88,041
Total Title XX	93.667			<u>265,263</u>
Title XIX				
		2004	(1)	4,288,194
		2003	(1)	987,025
Total Title XIX	93.778			<u>5,275,219</u>
<i>Pass-through Ohio Department of Alcohol and Drug Addiction:</i>				
Juvenile Court Diversion Program	93.243	2004	12-00409-SIG- P-04-0407	115,000
Block Grants:				
Women and Children's Treatment Program		2004	12-01039-00- WOMAN-T-04-9925	205,000
Women's Treatment		2004	12-01123-00- WOMAN-T-04-9045	354,679
Pregnancy and Family Housing Program		2004	12-01123-00- WOMAN-T-04-0424	35,579
Treatment Per Capita		2004	(1)	743,305
		2003	(1)	23,587
Total Treatment Per Capita				<u>766,892</u>
Prevention Per Capita		2004	(1)	284,968
Total Block Grants	93.959			1,647,118
Title XIX				
		2004	(1)	660,175
		2003	(1)	117,132
Total Title XIX	93.778			<u>777,307</u>
Total U.S. Department of Human Services				<u>8,301,247</u>
TOTAL FEDERAL AWARDS				<u><u>8,351,247</u></u>

(1) Pass-through; number not available

See accompanying notes to this schedule.

EASTERN MIAMI VALLEY ADAMHS BOARD
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2004

1. Significant Accounting Policies:

The accompanying schedule of federal award expenditures is a summary activity of all federal awards programs of the Eastern Miami Valley ADAMHS 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 2004:

- TCN Behavioral Health Services
- Project Woman of Springfield
- Mental Health Services, Inc. for Clark County
- Elderly United of Springfield and Clark County
- Greene County Educational Service Center
- Integrated Youth Services

Board subsidies were allocated to the following ODADAS provider agencies for 2004:

- Clark County Juvenile Court
- McKinley Hall
- The Women's Recovery Center
- TCN Behavioral Health Services
- Mental Health Services, Inc. for Clark County
- Integrated Youth Services



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Independent Auditors' Report on Compliance and Other Matters, and on Internal Control
Over Financial Reporting Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Board of Trustees
Eastern Miami Valley ADAMHS Board
Springfield, Ohio

We have audited the financial statements of the Eastern Miami Valley ADAMHS Board (the Board), as of and for the year ended June 30, 2004, and have issued our report thereon dated December 16, 2004, which was conducted 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.

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 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 statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Board in a separate letter dated December 16, 2004.

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
December 16, 2004



Clark, Schaefer, Hackett & Co.
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Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133

Board of Trustees
Eastern Miami Valley ADAMHS Board
Springfield, Ohio

Compliance

We have audited the compliance of the Eastern Miami Valley ADAMHS Board (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, 2004. 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, 2004.

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
December 16, 2004

EASTERN MIAMI VALLEY ADAMHS BOARD

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2004

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):	Title XIX (CFDA # 93.778) Juvenile Court Diversion Program (CFDA # 93.243)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

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

NONE NOTED DURING YEAR ENDED JUNE 30, 2004

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE NOTED DURING THE YEAR ENDED JUNE 30, 2004

4. SCHEDULE OF PRIOR AUDIT FINDINGS

EASTERN MIAMI VALLEY ADAMHS BOARD
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2004

NO FINDINGS ISSUED IN PRIOR AUDIT



**Auditor of State
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EASTERN MIAMI VALLEY ADAMHS BOARD

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
FEBRUARY 10, 2005**