

**Alcohol, Drug Addiction,  
and Mental Health Services  
Board of Tuscarawas and  
Carroll Counties  
*Audited Financial Statements***

***December 31, 2009***





# Mary Taylor, CPA

Auditor of State

Board Members  
ADAMH Service Board of Tuscarawas and Carroll Counties  
1260 Monroe Street  
Suite 27  
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditor's Report* of the ADAMH Service Board of Tuscarawas and Carroll Counties, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The ADAMH Service Board of Tuscarawas and Carroll Counties is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

July 6, 2010

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**ALCOHOL, DRUG ADDICTION AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
AND CARROLL COUNTIES**

**AUDITED FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

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ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
BOARD OF TUSCARAWAS AND CARROLL COUNTIES

INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund Type:

General Fund

Special Revenue Fund Types:

Medical Assistance Program; Medicaid, Title XIX Fund

Title XX Fund

Alcohol and Drug Addiction Block Grant Fund

Federal Grants - Miscellaneous

Women's Set-Aside Grant Fund

Community Plan Block Grant Fund

Children/Adolescent Block Grant Special Fund

Drug Free School Grant Fund

FAST Grant Fund



**Rea & Associates, Inc.**  
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

May 24, 2010

Board Members  
Alcohol, Drug Addiction, and Mental Health  
Services Board of Tuscarawas and Carroll Counties  
New Philadelphia, OH 44663

Independent Auditor's Report

We have audited the accompanying financial statements of the Alcohol, Drug Addiction and Mental Health Board of Tuscarawas and Carroll Counties (the "Board") as of and for the year ended December 31, 2009, as listed in the table of contents. 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 audits provide a reasonable basis for our opinion.

As described in Note 1, the Board has prepared its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to generally accepted accounting principles would require the Board to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2009. Instead of the funds the accompanying financial statements present for 2009, the revisions require presenting the entity wide statements and also to present its larger (i.e. major) funds separately for 2009. While the Board does not follow generally accepted accounting principles, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new generally accepted accounting principles presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Board has elected not to reformat its statements. Since the Board does not use generally accepted accounting principles to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-generally accepted accounting principles basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2009, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Alcohol, Drug Addiction and Mental Health Board of Tuscarawas and Carroll Counties, Tuscarawas County, as of December 31, 2009, and its combined cash receipts and disbursements for the year ended, and the respective budgetary comparison for the general fund and combined special revenue funds thereof, for the year then ended in conformity with the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Board to include Management's Discussion and Analysis for the year ended December 31, 2009. The Board has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Kea & Associates, Inc.*

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
AND CARROLL COUNTIES

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total (Memorandum Only)</u>
<b>RECEIPTS:</b>			
Property taxes	\$ 359,414	\$ 0	\$ 359,414
Intergovernmental receipts	3,151,336	4,101,936	7,253,272
Other receipts	55,333	0	55,333
<i>Total receipts</i>	3,566,083	4,101,936	7,668,019
<b>DISBURSEMENTS:</b>			
Salaries - employees	305,295	0	305,295
PERS	41,847	0	41,847
Insurance	63,055	0	63,055
Workers' Compensation	6,446	0	6,446
Medicare	4,353	0	4,353
Travel	6,615	0	6,615
Contract services	4,083,521	4,010,629	8,094,150
Supplies	8,676	0	8,676
Equipment	13,212	0	13,212
Repairs	4,624	0	4,624
Advertising	399	0	399
Other expenses	23,527	0	23,527
<i>Total disbursements</i>	4,561,570	4,010,629	8,572,199
<i>Excess of receipts under disbursements</i>	(995,487)	91,307	(904,180)
<b>OTHER FINANCING SOURCES (USES):</b>			
Advance In	147,500	247,500	395,000
Advance Out	(247,500)	(147,500)	(395,000)
<i>Total other financing sources (uses)</i>	(100,000)	100,000	0
<i>Excess of receipts and other financing sources under disbursements</i>	(1,095,487)	191,307	(904,180)
<i>FUND CASH BALANCES, January 1, 2009</i>	1,818,782	327,565	2,146,347
<i>FUND CASH BALANCES, December 31, 2009</i>	<u>\$ 723,295</u>	<u>\$ 518,872</u>	<u>\$ 1,242,167</u>

The accompanying notes are an integral part of these financial statements.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS AND  
CARROLL COUNTIES

COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Fund Types/Funds</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance (Unfavorable)</u>
GOVERNMENTAL:			
General Fund	\$ 5,934,443	\$ 3,713,583	\$ (2,220,860)
Special Revenue Funds	3,941,556	4,349,436	407,880
	<hr/>	<hr/>	<hr/>
<i>Total (Memorandum Only)</i>	<u>\$ 9,875,999</u>	<u>\$ 8,063,019</u>	<u>\$ (1,812,980)</u>

The accompanying notes are an integral part of these financial statements.

ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH  
SERVICES BOARD OF TUSCARAWAS AND CARROLL COUNTIES

COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>2009 Appropriations</u>	<u>Total</u>	<u>Actual 2009 Disbursements</u>	<u>Encumbrances Outstanding at 12/31/2009</u>	<u>Total</u>	<u>Variance Favorable</u>
<b>GOVERNMENTAL FUNDS:</b>							
General Fund	\$ 780,788	\$ 5,934,443	\$ 6,715,231	\$ 4,809,070	\$ 279,545	\$ 5,088,615	\$ 1,626,616
Special Revenue Funds	<u>0</u>	<u>4,820,852</u>	<u>4,820,852</u>	<u>4,158,129</u>	<u>290,657</u>	<u>4,448,786</u>	<u>372,066</u>
<i>Total (Memorandum Only)</i>	<u>\$ 780,788</u>	<u>\$ 10,755,295</u>	<u>\$ 11,536,083</u>	<u>\$ 8,967,199</u>	<u>\$ 570,202</u>	<u>\$ 9,537,401</u>	<u>\$ 1,998,682</u>

The accompanying notes are an integral part of these financial statements.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
AND CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Alcohol, Drug Addiction, and Mental Health Services Board of Tuscarawas and Carroll Counties (the Board) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board operates under the direction of a fifteen-member appointed board. The Tuscarawas County Auditor and Tuscarawas County Treasurer are responsible for fiscal control of the resources of the Board which are maintained in the funds described below. Services provided by the Board include services to persons who are mentally ill, drug and alcohol services to residents, services to battered women, and services to students having trouble in school.

Management believes the financial statements included in this report represent all of the funds of the Board over which the Board has the ability to exercise direct operating control.

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 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.

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

C. FUND ACCOUNTING

The Board maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

Governmental Fund 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 by law or contract to be accounted for in another fund.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
AND CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types

Special Revenue Funds

Special revenue funds are to account for proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. The Board had the following significant special revenue fund.

*Title XIX Fund* - This fund receives reimbursements for Medicaid disbursements.

D. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by October 28 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The county budget commission certifies its actions to the Board by December 1. As part of this certification, the Board receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Board must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2009, unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Budgetary expenditures may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
AND CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Encumbrances

The Board is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and need not be reappropriated.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

F. TOTAL COLUMN ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned “(Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

2. PROPERTY TAX

Tuscarawas County

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2007.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the tax (calendar) year 2008 was \$.50 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$.211 per \$1,000 of assessed valuation for real property classified as residential/agricultural, and \$.324 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Board by the State of Ohio.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
AND CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

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2. PROPERTY TAX (Continued)

Public Utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

2009 tangible personal property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory is zero for 2009. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by taxing districts due to the phasing out of the tax. In calendar years 2006-2010, taxing districts will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

Real property – 2008 valuation:	
Residential/Agricultural	\$ 1,254,790,550
Commercial/Industrial	301,702,790
Public Utilities	623,540
Minerals	10,383,090
Tangible personal property - 2009 valuation:	
General	3,503,900
Public Utilities	<u>65,359,260</u>
Total valuation	<u>\$ 1,636,363,130</u>

The Tuscarawas County Treasurer collects property tax on behalf of all taxing districts within the county. The Tuscarawas County Auditor periodically remits to the taxing districts their portion of the taxes collected.

Carroll County

Carroll County did not have a property tax levy in effect for community mental health, alcohol, and drug services.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
AND CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

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3. EQUITY IN POOLED INVESTMENTS

The County Auditor serves as statutory fiscal officer of the Board. Board investments, as shown on the “Combined Statement of Cash, Investments and Fund Cash Balances – All Fund Types” at December 31, 2009 were commingled with the County’s cash and investments for investment purposes and were not separately identified as to risk.

4. INTERFUND CASH ADVANCES OUTSTANDING

As of December 31, 2009, the following interfund cash advances from the Board’s General Fund were not repaid as follows:

Special Revenue Funds:

Title XIX Medicaid Fund	\$ 570,000
Alcohol & Drug Abuse Fund	80,000
Women’s Set Aside Fund	55,000
Drug Free Schools Fund	<u>12,500</u>
	<u>\$ 717,500</u>

5. RETIREMENT COMMITMENTS

Employees of the Board were covered by the Ohio Public Employees Retirement System. The State of Ohio accounts for the activity of the retirement system and, accordingly, the amount of that fund is not reflected in the accompanying financial statements. As of December 31, 2009, Board employees contributed 10.00 percent of their gross wages to the fund, while the Board contributed 14.00 percent of its employees’ gross wages.

6. LEASE AGREEMENT

The Board has entered into a lease agreement for the premises located at 1260 Monroe Street, Suite 27N, New Philadelphia, OH for a term of five years beginning October 2007. The rental fees for the first year are \$2,000 per month. Monthly rental amounts increase \$50 per month for each succeeding year.

7. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

Public officials’ liability insurance is provided by Arch Insurance Company with limits of \$1,000,000. This policy has a \$3,000 deductible.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS  
AND CARROLL COUNTIES

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009

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7. RISK MANAGEMENT (Continued)

The Board maintains position bonds on the Executive Director, Fiscal Manager and MIS Manager in the amount of \$50,000 each through Westfield Insurance Company.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

The Board pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Board has elected to provide employees' major medical, vision and hospitalization through the Tuscarawas County self-insured program. The predominant participant is the County. The County maintains a Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss in this program. This plan provides a major medical plan with a \$250 single and \$500 family deductible. A third party administrator, AultCare, located in Canton, Ohio, reviews all claims which are then paid by the County. The County purchases stop-loss coverage of \$100,000 per employee per year and an aggregate limit of \$1,000,000. The County pays coverage into the Self-Insurance Internal Service Fund for County employees of \$968 family, \$947 couple and \$383 individual per employee per month, which represents the entire premium required. These premiums are paid by the fund that pays the salary for the employee and is based on historic cost information. Claims liability information is disclosed in the Tuscarawas County Comprehensive Annual Financial Report.

8. CONTINGENCIES

Grants

The Board received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

Ohio Department of Mental Health Loan

The Board obtained a loan from the Ohio Department of Mental Health (ODMH) in March 2000 to purchase property to be used for mental health activities. This loan was in the amount of \$126,099, maturing March 1, 2040 with monthly payments of \$262.71. The ODMH has agreed to forgive the loan as long as the facility is used for mental health activities. Should the purpose of the facility change or the building be sold, the remaining balance would be owed to the ODMH. The balance at December 31, 2009 is \$95,362.



## Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

May 24, 2010

Board Members  
Alcohol, Drug Addiction, and Mental Health  
Services Board of Tuscarawas and Carroll Counties  
New Philadelphia, OH 44663

Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Required by  
*Government Auditing Standards*

We have audited the financial statements of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties (the Board) as of and for the year ended December 31, 2009, and have issued our report thereon dated May 24, 2010, wherein we noted the Board follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Alcohol, Drug Addiction, and Mental Health  
Services Board of Tuscarawas and Carroll Counties  
May 24, 2010  
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Board's management in a separate letter dated May 24, 2010.

This report is intended for the information and use of the audit committee, management, 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.

*Rea & Associates, Inc.*



## Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020  
New Philadelphia, OH 44663-5120

May 24, 2010

Board Members  
Alcohol, Drug Addiction, and Mental Health  
Services Board of Tuscarawas and Carroll Counties  
New Philadelphia, OH 44663

Independent Auditor's Report on Compliance with  
Requirements Applicable to Each Major Program and Internal  
Control Over Compliance Required by OMB Circular A-133

### Compliance

We have audited the compliance of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties (the "Board") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2009. 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 of America; and OMB Circular A-133, *Audits of State, 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 on the Board's compliance with those requirements.

In our opinion, the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties 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, 2009.

Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties  
Independent Auditor's Report on Compliance with  
Requirements Applicable to Each Major Program and Internal  
Control Over Compliance in Accordance with OMB Circular A-133  
May 24, 2010  
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Internal Control Over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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 in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material non-compliance with a federal program compliance requirement will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we noted certain instances of internal control of compliance that has been reported to the Board of Trustees in a separate letter dated May 24, 2010.

This report is intended for the information and use of the audit committee, management, 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.

*Hea & Associates, Inc.*

ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF TUSCARAWAS AND CARROLL COUNTIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2009

Federal Grantor/Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Expenditures
<b>U.S. Department of Health and Human Services:</b>			
<i>Passed through State Department of Mental Health:</i>			
Social Services Block Grant; Social Services Title XX	FY09	93.667	\$ 63,597
Medical Assistance Program (Medicaid) Title XIX	FY08	93.778	5,807
	FY09		1,463,411
	FY10		1,058,047
Medical Assistance Program (Medicaid) Title XIX - ARRA	FY09		383,774
	FY10		51,692
Total			<u>2,962,731</u>
State Children's Insurance Program	FY08	93.767	499
	FY09		77,474
	FY10		20,362
Total			<u>98,335</u>
Early Childhood Mental Health	FY09	93.590	14,482
	FY10		5,296
Total			<u>19,778</u>
<i>Substance Abuse and Mental Health Services-</i>			
<b>Block Grants for Community Mental Health Services:</b>			
Children/Adolescent Block Grant	FY09	93.958	39,207
	FY10		16,722
OSU Suicide Prevention	FY09		5,180
	FY10		80
Community Plan Block Grant	FY09		31,437
	FY10		30,486
Total			<u>123,112</u>
Promoting Safe and Stable Families Family and System Team Dollars (FAST\$) Grant	FY09	93.556	20,915
<i>Passed through State Department of Alcohol and Drug Addiction Services:</i>			
<b>Substance Abuse Block Grant:</b>			
Alcohol and Drug Abuse Block Grant; ADMS	FY09	93.959	171,971
	FY10		157,308
Women's Set-Aside Grant	79-8310-WOMENT-T-09-9004		33,145
	79-8310-WOMENT-T-10-9004		100,071
Total			<u>462,495</u>
Medical Assistance Program (Medicaid) Title XIX	FY08	93.778	56
	FY09		104,500
	FY10		89,915
Medical Assistance Program (Medicaid) Title XIX - ARRA	FY08		26,175
	FY09		2,487
Total			<u>223,133</u>
State Children's Insurance Program	FY09	93.767	2,758
	FY10		1,684
<i>Total - Medical Assistance Program (Medicaid) Title XIX (Passed through ODMH and ODADAS)</i>		93.778	3,185,864
<i>Total - State Children's Insurance Program (Passed through ODMH and ODADAS)</i>		93.767	<u>102,777</u>
<i>Total U.S. Department of Health and Human Services</i>			3,978,538
<b>U.S. Department of Education:</b>			
<i>Passed through State Department of Alcohol and Drug Addiction Services:</i>			
Drug Free Schools Grant	79-3079-DFSCA-P-09-0931	84.186B	17,500
	79-3079-DFSCA-P-10-0931		14,583
Total			<u>32,083</u>
<i>Total U.S. Department of Education</i>			<u>32,083</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 4,010,621</u>

The accompanying notes are an integral part of this schedule.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS AND  
CARROLL COUNTIES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2009

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Alcohol, Drug Addiction, and Mental Health Services Board of Tuscarawas and Carroll Counties and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2: SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Social Services Block Grant; Social Services	93.667	\$ 63,597
Community Plan Block Grant	93.958	61,923
Children/Adolescent Block Grant	93.958	55,929
Women's Set-Aside Grant	93.959	133,216
Alcohol and Drug Abuse Block Grant; ADMS	93.959	329,279
OSU Suicide Prevention	93.958	5,260
Drug Free Schools Grant	84.186B	32,083
Family and Systems Team Dollars (FAST\$)	93.556	20,915
Medical Assistance Program (Medicaid)	93.778	3,185,864
State Children's Insurance Program (SCHIP)	93.767	102,777
Early Childhood Mental Health Block Grant	93.590	<u>19,778</u>
		<u>\$ 4,010,621</u>

NOTE 3: MEDICAID AND SCHIP

The Alcohol, Drug Addiction, and Mental Health Services Board of Tuscarawas and Carroll Counties expended \$3,185,864, from the Medical Assistance Program (Medicaid) Title XIX, CFDA Number 93.778 for fees for service program. During 2009, the Board paid providers the entire bill and was subsequently reimbursed for the Federal Financial Participation rate (FFP) of:

<u>FFY</u>	<u>FMAP</u>	<u>Matching %</u>	<u>ARRA ADJUSTMENTS</u>	
			<u>FMAP</u>	<u>Matching %</u>
2008 (10/1/07 – 9/30/08)	60.79%	39.21%		
2009 (10/1/08 – 3/30/09)	62.14%	37.86%	70.25%	29.75%
2009 (4/1/09 – 9/30/09)	62.14%	37.86%	72.34%	27.66%
2010 (10/1/09 – 12/31/10)	63.42%	36.58%	73.47%	26.53%

Expenditures reported on this schedule reflect only the federal portion of the total Medicaid payments to the Board's providers during 2009.

ALCOHOL, DRUG ADDICTION, AND MENTAL  
HEALTH SERVICES BOARD OF TUSCARAWAS AND  
CARROLL COUNTIES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2009

NOTE 3: MEDICAID AND SCHIP (continued)

The Alcohol, Drug Addiction, and Mental Health Services Board of Tuscarawas and Carroll Counties expended \$102,777 from the State Children's Insurance Program (SCHIP), CFDA Number 93.767 for fees for service program. During 2009, the Board paid providers the entire bill and was subsequently reimbursed for the Federal Financial Participation rate (FFP) of 73.50% through September 30, 2009 and 74.39% thereafter. Expenditures reported on this schedule reflect only the federal portion of the total Medicaid payments to the Board's providers during 2009.

**ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
BOARD OF TUSCARAWUS AND CARROLL COUNTIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 , Section .505  
DECEMBER 31, 2009**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any significant deficiencies or material weaknesses reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material 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 Section .510?	No
(d) (1) (vii)	Major Programs (list):	Title XIX: Medicaid CFDA # 93.778
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None were noted

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None were noted





**Mary Taylor, CPA**  
Auditor of State

**ADAMH SERVICE BOARD OF TUSCARAWAS AND CARROLL COUNTIES**

**TUSCARAWAS 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 20, 2010**