



**PAINT VALLEY ALCOHOL, DRUG ADDICTION AND
MENTAL HEALTH SERVICE BOARD
ROSS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PAINT VALLEY ALCOHOL, DRUG ADDICTION AND
MENTAL HEALTH SERVICE BOARD
ROSS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Members of the Board
Paint Valley Alcohol, Drug Addiction and
Mental Health Services Board
Ross County
394 Chestnut Street
Chillicothe, Ohio 45601

We have audited the accompanying financial statements of Paint Valley Alcohol, Drug Addiction and Mental Health Services Board, Ross County, Ohio, (the Board) as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Board prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Paint Valley Alcohol, Drug Addiction and Mental Health Services Board, Ross County, Ohio, as of December 31, 2000, 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 have also issued our report dated June 7, 2001 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Board, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purpose 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 presented, in all material respects, in relation to the financial statements taken as a whole.

Paint Valley Alcohol, Drug Addiction and
Mental Health Services Board,
Ross County
Report of Independent Accountants
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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 § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

June 7, 2001

**PAINT VALLEY ADAMHS BOARD
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$2,026,371	\$0	\$2,026,371
Grants	2,000	10,726,792	10,728,792
Intergovernmental	176,106	0	176,106
	<u>2,204,477</u>	<u>10,726,792</u>	<u>12,931,269</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	0	341,955	341,955
Supplies	0	5,314	5,314
Equipment	7,615	31,186	38,801
Contracts - Repair	0	3,520	3,520
Contracts - Services	0	53,531	53,531
Utilities	19,928	0	19,928
Advertising and Printing	0	3,686	3,686
Travel	0	10,154	10,154
Public Employee's Retirement	0	61,248	61,248
Worker's Compensation	0	788	788
Other Employee Benefits	0	40,707	40,707
Project Fund Disbursements	1,981,548	10,354,323	12,335,871
Other	51,708	89,496	141,204
	<u>2,060,799</u>	<u>10,995,908</u>	<u>13,056,707</u>
Total Disbursements			
	<u>2,060,799</u>	<u>10,995,908</u>	<u>13,056,707</u>
Total Receipts Over/(Under) Disbursements	<u>143,678</u>	<u>(269,116)</u>	<u>(125,438)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	269,116	269,116
Transfers-Out	(269,116)	0	(269,116)
Other Sources	1,661	0	1,661
	<u>1,661</u>	<u>0</u>	<u>1,661</u>
Total Other Financing Receipts/(Disbursements)	<u>(267,455)</u>	<u>269,116</u>	<u>1,661</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(123,777)	0	(123,777)
Fund Cash Balances, January 1, 2000	<u>2,338,497</u>	<u>0</u>	<u>2,338,497</u>
Fund Cash Balances, December 31, 2000	<u>\$2,214,720</u>	<u>\$0</u>	<u>\$2,214,720</u>
Reserve for Encumbrances, December 31, 2000	<u>\$1,239,280</u>	<u>\$0</u>	<u>\$1,239,280</u>

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

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**PAINT VALLEY ADAMHS BOARD
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Paint Valley Alcohol, Drug Addiction and Mental Health Services Board, Ross County, Ohio, (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 Board. Those subdivisions are Ross, Pickaway, Fayette, Highland, and Pike Counties. 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 these financial statements present all activities for which the Board is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash

The Board's Cash and investments are maintained by Ross County, its statutory fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments, and the County is responsible for compliance. As of December 31, 2000, the Board's share of the County's Cash and Investment pool was \$2,214,720. All risks associated with deposits and investments held at the Treasurer's office are the responsibility of Ross County.

D. Fund Accounting

The Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes.

**PAINT VALLEY ADAMHS BOARD
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Board to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Board.

**PAINT VALLEY ADAMHS BOARD
ROSS COUNTY**

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

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,937,405	\$2,206,138	(\$731,267)
Special Revenue	<u>10,995,908</u>	<u>10,995,908</u>	<u>0</u>
Total	<u>\$13,933,313</u>	<u>\$13,202,046</u>	<u>(\$731,267)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,213,275	\$3,569,195	\$644,080
Special Revenue	<u>10,995,908</u>	<u>10,995,908</u>	<u>0</u>
Total	<u>\$15,209,183</u>	<u>\$14,565,103</u>	<u>\$644,080</u>

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Board.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

4. RETIREMENT SYSTEMS

The Board's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**PAINT VALLEY ADAMHS BOARD
ROSS COUNTY**

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

4. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 10.84% of participants' gross salaries. The Board has paid all contributions required through December 31, 2000.

5. RISK MANAGEMENT

The Board has obtained commercial insurance for the following risks:

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

The Board also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material

PAINT VALLEY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICE BOARD

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	<u>Expenditures</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Mental Health</i>			
Medical Assistance Program	07B-268	93.778	\$2,458,737
Social Services Block Grant	07B-268	93.667	221,848
Block Grant for Community Mental Health	07B-268	93.958	204,089
<i>Passed Through Ohio Department of Alcohol and Drug Addiction</i>			
Medical Assistance Program	71-268	93.778	519,417
Block Grant for the Prevention and Treatment of Substance Abuse	71-268	93.959	<u>809,337</u>
Total U.S. Department of Health and Human Services			<u>\$4,213,428</u>
Total Federal Awards Expenditures			<u><u>\$4,213,428</u></u>

See Accompanying Notes to Schedule of Federal Awards

**PAINT VALLEY ALCOHOL, DRUG ADDICTION AND
MENTAL HEALTH SERVICE BOARD
ROSS COUNTY**

**NOTES TO THE FEDERAL SCHEDULE OF AWARDS AND EXPENDITURES
DECEMBER 31, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District'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 (ODMH) and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) to Scioto Paint Valley Mental Health and other 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.



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Members of the Board
Paint Valley Alcohol, Drug Addiction and
Mental Health Services Board
394 Chestnut Street
Chillicothe, Ohio 45601

We have audited the accompanying financial statements of Paint Valley Alcohol, Drug Addiction and Mental Health Services Board, Ross County, Ohio (the Board), as of and for the year ended December 31, 2000, and have issued our report thereon dated June 7, 2001. 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 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 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 is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Paint Valley Alcohol, Drug Addiction and
Mental Health Services Board,
Ross County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

JIM PETRO
Auditor of State

June 7, 2001



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board
Paint Valley Alcohol, Drug Addiction and
Mental Health Services Board
394 Chestnut Street
Chillicothe, Ohio 45601

Compliance

We have audited the compliance of Paint Valley Alcohol, Drug Addiction and Mental Health Services Board, Ross 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, 2000. 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, 2000.

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 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.

JIM PETRO
Auditor of State

June 7, 2001

**PAINT VALLEY ALCOHOL, DRUG ADDICTION AND
MENTAL HEALTH SERVICES BOARD
ROSS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2000**

1. SUMMARY OF AUDITOR'S RESULTS¹

(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 material noncompliance 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):	Medical Assistance Program CFDA # 93.778 Block Grant for the Prevention & Treatment of Substance Abuse CFDA # 93.959
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others ²
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

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PAINT VALLEY A.D.A.M.H. SERVICES BOARD

ROSS 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 17, 2001**