



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Alcohol, Drug Addiction and Mental Health  
Services Board of Tuscarawas and Carroll Counties  
Tuscarawas County  
119 Garland Drive  
New Philadelphia, Ohio 44663

To the Board of Directors:

### ***Report on the Financial Statement***

We have audited the accompanying financial statement of the cash balances, receipts and disbursements by fund type, and related notes of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties, Tuscarawas County, Ohio (the Board), as of and for the year ended December 31, 2015.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for preparing and fairly presenting this financial statement in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on this financial statement based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statement is free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statement, the Board prepared this financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statement of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Board does not intend this statement to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2015, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined cash balances of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties, Tuscarawas County, Ohio, as of December 31, 2015, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 15, 2016

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property Taxes	\$742,721	\$0	\$742,721
Intergovernmental	1,717,716	808,971	2,526,687
Miscellaneous	38,966	0	38,966
<i>Total Cash Receipts</i>	<u>2,499,403</u>	<u>808,971</u>	<u>3,308,374</u>
<b>Cash Disbursements</b>			
Current:			
Health:			
Salaries	338,435	0	338,435
OPERS	47,381	0	47,381
Medicare	4,791	0	4,791
Insurance	68,974	0	68,974
Workers' Compensation	2,073	0	2,073
Travel	3,080	0	3,080
Contract Services	1,826,918	672,069	2,498,987
Supplies	7,248	0	7,248
Equipment	8,868	0	8,868
Repairs	3,296	0	3,296
Other	13,160	0	13,160
<i>Total Cash Disbursements</i>	<u>2,324,224</u>	<u>672,069</u>	<u>2,996,293</u>
<i>Excess of Receipts Over Disbursements</i>	<u>175,179</u>	<u>136,902</u>	<u>312,081</u>
<b>Other Financing Receipts (Disbursements)</b>			
Advances In	147,500	147,500	295,000
Advances Out	(147,500)	(147,500)	(295,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	175,179	136,902	312,081
<i>Fund Cash Balances, January 1</i>	<u>810,207</u>	<u>75,200</u>	<u>885,407</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	211,637	211,637
Assigned	39,883	465	40,348
Unassigned	945,503	0	945,503
<i>Fund Cash Balances, December 31</i>	<u>\$985,386</u>	<u>\$212,102</u>	<u>\$1,197,488</u>

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

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

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties, Tuscarawas County, (the Board) as a body corporate and politic. A fourteen-member Board is the governing Body. The Board's Director and the legislative authorities of the political subdivisions making up the Board appoint the other Board members. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are Tuscarawas County and Carroll County. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. Private and public agencies are the primary service providers, through Board contracts.

The Board's management believes this financial statement presents all activities for which the Board is financially accountable.

**B. Accounting Basis**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Deposits and Investments**

As required by the Ohio Revised Code, the Tuscarawas County Treasurer is custodian for the Board's deposits. The County's deposit and investment pool holds the Board's assets, valued at the Treasurer's reported carrying amount.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Board had the following significant Special Revenue Funds:

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**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2015  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Alcohol and Drug Addiction Block Grant Fund – This fund receives federal reimbursements passed through Ohio Department of Mental Health and Addiction Services for substance abuse treatment and prevention.

Federal Grants – Miscellaneous – This fund receives reimbursements from the U.S. Department of Housing and Urban Development for shelter care.

Women's Set Aside – This fund provides for the existing and emerging needs of women addicted to, or dependent, upon alcohol and / or other drugs. This fund receives federal and state reimbursements from the Ohio Department of Mental Health and Addiction Services.

**E. Budgetary Process**

The Ohio Revised Code requires the Board to adopt a budget for each fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments.

**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 approve estimated resources.

**3. Encumbrances**

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

A summary of 2015 budgetary activity appears in Note 2.

**F. Fund Balance**

Fund balance is divided into classifications based primarily on the extent to which the Board must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2015  
(Continued)**

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

**F. Fund Balance (Continued)**

**1. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**2. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Board or a Board official delegated that authority by resolution, or by State Statute.

**3. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

The Board records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

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

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2015  
(Continued)**

**2. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,607,937	\$2,646,903	\$38,966
Special Revenue	943,183	956,471	13,288
Total	\$3,551,120	\$3,603,374	\$52,254

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,671,883	\$2,511,607	\$160,276
Special Revenue	900,036	820,034	80,002
Total	\$3,571,919	\$3,331,641	\$240,278

**3. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statement includes homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

**4. RETIREMENT SYSTEM**

The Board's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015, OPERS members contributed 10% of their gross salaries and the Board contributed an amount equaling 14% of participants' gross salaries. The Board has paid all contributions required through December 31, 2015.

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

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2015  
(Continued)**

**5. LEASE AGREEMENT**

The Board had a lease agreement for the premises located at 1260 Monroe Street, Suite 27N, New Philadelphia, Ohio which ended in September 2015. The rental fees were \$2,842 per month, plus common area maintenance (CAM) charge adjustments made annually in February. The Board currently has a month by month lease at \$3,063 per month. The Board paid total rent of \$34,406 during 2015 for these lease agreements.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Board has obtained commercial insurance for the following risks:

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

**7. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**8. HEALTH INSURANCE**

The Board provides health insurance to employees through Tuscarawas County (County). The Board is invoiced their monthly premiums and the premiums are paid to the County. All risk transfers to the County.

Pursuant to Ohio Revised Code Chapter 167, the County and certain subdivisions within the County entered into an Agreement forming the Tuscarawas County Healthcare Consortium (Consortium). The County acts as the fiscal agent for the Consortium. The Board approved entering into the Consortium on October 21, 2015.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Alcohol, Drug Addiction and Mental Health  
Services Board of Tuscarawas and Carroll Counties  
Tuscarawas County  
119 Garland Drive  
New Philadelphia, Ohio 44663

To the Board of Directors:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statement of the cash balances, receipts, and disbursements by fund type of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties, Tuscarawas County, Ohio (the Board) as of and for the year ended December 31, 2015, and the related notes to the financial statement and have issued our report thereon dated November 15, 2016 wherein we noted the Board followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code §117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statement, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statement. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Board's financial statement is 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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 15, 2016





# Dave Yost • Auditor of State

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES 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  
DECEMBER 1, 2016**