



OHIO AUDITOR OF STATE
KEITH FABER



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

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements 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, 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements 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 these financial statements 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 statements are 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 statements 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 such 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 2 of the financial statements, the Board prepared these financial statements 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 statements 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 these statements 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 statements referred to above do 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, 2018, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, 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, as of December 31, 2018, 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 2.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2019, 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.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2019

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**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 (Regulatory Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property Taxes	\$790,806	\$0	\$790,806
Intergovernmental	2,278,569	1,165,460	3,444,029
Miscellaneous	64,310	12,886	77,196
<i>Total Cash Receipts</i>	<u>3,133,685</u>	<u>1,178,346</u>	<u>4,312,031</u>
Cash Disbursements			
Current:			
Health:			
Salaries	332,525	0	332,525
Supplies	11,816	0	11,816
Equipment	21,195	0	21,195
Repairs	4,121	0	4,121
Contract Services	2,400,749	1,025,785	3,426,534
Insurance	83,199	0	83,199
Travel	5,679	0	5,679
OPERS	46,554	0	46,554
Workers' Comp	3,020	0	3,020
Other Expenses	26,540	0	26,540
Medicare	4,608	0	4,608
Intergovernmental	0	172,014	172,014
<i>Total Cash Disbursements</i>	<u>2,940,006</u>	<u>1,197,799</u>	<u>4,137,805</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>193,679</u>	<u>(19,453)</u>	<u>174,226</u>
Other Financing Receipts (Disbursements)			
Advances In	147,500	147,500	295,000
Advances Out	<u>(147,500)</u>	<u>(147,500)</u>	<u>(295,000)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	193,679	(19,453)	174,226
<i>Fund Cash Balances, January 1</i>	<u>1,211,026</u>	<u>209,752</u>	<u>1,420,778</u>
Fund Cash Balances, December 31			
Restricted	0	190,299	190,299
Assigned	356,543	0	356,543
Unassigned (Deficit)	<u>1,048,162</u>	<u>0</u>	<u>1,048,162</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,404,705</u>	<u>\$190,299</u>	<u>\$1,595,004</u>

See accompanying notes to the basic financial statements

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**Alcohol, Drug Addiction and Mental
Health Services Board of Tuscarawas
And Carroll Counties**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

Note 1 – Reporting 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 (the Board) as a body corporate and politic. A fourteen-member appointed Board is the governing Body. The Board includes members from the counties as well as citizens of the Board. 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 participates in the Tuscarawas County Healthcare Consortium. Further information can be found at Note 7.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Board's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Board are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

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

Federal Grants – Miscellaneous – This fund receives allocations from the U.S. Department of Housing and Urban Development for shelter plus care, and the Joe Otte Memorial Endowment Fund for substance abuse programs.

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

**Alcohol, Drug Addiction and Mental
Health Services Board of Tuscarawas
And Carroll Counties**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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.

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.

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 2018 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

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

Fund Balance

Fund balance is divided into five 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**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

Nonspendable The Board classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed Trustees can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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.

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.

Note 3 –Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,149,993	\$3,281,185	\$131,192
Special Revenue	1,325,616	1,325,846	230
Total	\$4,475,609	\$4,607,031	\$131,422

**Alcohol, Drug Addiction and Mental
Health Services Board of Tuscarawas
And Carroll Counties**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,296,809	\$3,093,188	\$203,621
Special Revenue	1,378,584	1,350,420	28,164
Total	\$4,675,393	\$4,443,608	\$231,785

Note 4 – 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.

Note 5– Taxes

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 statements include 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 Tuscarawas County.

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

Note 6 – Interfund Balances

Outstanding advances at December 31, 2018 consisted of \$147,500 advanced to special revenue funds from the General Fund to provide working capital for operations.

Note 7 – Risk Management

The Entity participates in the Tuscarawas County Healthcare Consortium (the “Consortium”), which is a legally separate entity organized under Ohio Revised Code Chapter 167. The Consortium was established on January 1, 2017, formed by certain political subdivisions located within Tuscarawas County, for the purpose of obtaining medical and hospitalization benefits. The Consortium acts as a governmental risk pool for health insurance (including prescription and vision) coverage for its 29 member subdivisions. The Consortium has a Board of Directors consisting of five members. The Fiscal Agent is responsible for administering the financial transactions of the Consortium. For 2018, Tuscarawas County served as Fiscal Agent for the Consortium. Member contributions are used to provide medical, hospitalization, prescription drug and vision insurance benefits as provided for in the Member’s Plan Document and as established by

**Alcohol, Drug Addiction and Mental
Health Services Board of Tuscarawas
And Carroll Counties**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

law. The Board of Directors determines, at their discretion, the insurance benefits to be provided by or through the Consortium. Insurance limits, types of claims covered, eligibility for benefits and any deductibles shall be approved by the governing board of each member and shall be described in the Member's Plan Document. The risk of loss for loss transfers from the member subdivisions to the Consortium upon payment of the monthly premium.

The Consortium's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2018.

Assets	\$1,476,422
Liabilities	<u>(1,749,147)</u>
Net Position	<u>\$ (272,725)</u>

Workers' Compensation coverage is provided by the State of Ohio. The Board pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees 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. 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, 2018.

**Alcohol, Drug Addiction and Mental
Health Services Board of Tuscarawas
And Carroll Counties**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

Note 9– Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to healthcare for members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 10 – Lease Agreement

The Board has a lease agreement for the premises located at 119 Garland Drive SW, New Philadelphia, OH, which began in September 2016. The Board currently has five-year lease at \$4,100 per month. The Board paid total rent of \$49,200 during 2018 for this lease agreement.

Note 11 – 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 of any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Pass Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct Program:</i>				
Continuum of Care Program	14.267	N/A	\$0	\$309,666
Total U.S. Department of Housing and Urban Development			<u>0</u>	<u>309,666</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through the Ohio Department of Developmental Disabilities:</i>				
Special Education - Grants for Infants and Families	84.181	H181A160024 H181A170024	40,801 76,105	40,801 76,105
Total Special Education - Grants for Infants and Families			<u>116,906</u>	<u>116,906</u>
<i>Passed through the Ohio Department of Mental Health and Addiction Services:</i>				
Block Grants for Community Mental Health Services:				
Community Plan - SFY 2018	93.958	N/A	31,234	31,234
Community Plan - SFY 2019	93.958	N/A	26,111	26,111
Child Respite Plan - SFY 2018	93.958	N/A	10,732	10,732
Child Respite Plan - SFY 2019	93.958	N/A	6,218	6,218
Total Block Grants for Community Mental Health Services			<u>74,295</u>	<u>74,295</u>
Block Grants for Prevention and Treatment of Substance Abuse (SABG):				
Womens Treatment Grant - SFY 2018	93.959	1800062	0	63,965
Womens Treatment Grant - SFY 2019	93.959	1900301		50,037
Alcohol / Drug Addiction - SFY 2018	93.959	N/A	201,211	260,761
Alcohol / Drug Addiction - SFY 2019	93.959	N/A	120,258	136,508
Total Block Grants for Prevention and Treatment of Substance Abuse (SABG)			<u>321,469</u>	<u>511,271</u>
Social Services Block Grant:				
Social Services Block Grant SFY 2018	93.667	N/A	56,366	56,366
Social Services Block Grant SFY 2019	93.667	N/A	18,682	18,682
Total Social Services Block Grant			<u>75,048</u>	<u>75,048</u>
Opioid Grant Program	93.788	N/A	22,866	37,866
Total U.S. Department of Health and Human Services			<u>610,584</u>	<u>815,386</u>
Total Federal Awards Expenditures			<u>\$610,584</u>	<u>\$1,125,052</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
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties (the Board) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The Board passes certain federal awards received from Ohio Department of Developmental Disabilities and from Ohio Department of Mental Health and Addiction Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Board reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the Board to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has met its matching requirements. The Schedule does not include the expenditure of non-matching funds.



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**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 SW
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 statements 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, 2018, and the related notes to the financial statements and have issued our report thereon dated September 19, 2019 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 statements, 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 statements. 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency. We consider Finding 2018-001 to be a significant deficiency.

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, 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*.

Board's Response to Findings

The Board's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not subject the Board's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2019



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas and Carroll Counties', Tuscarawas County, Ohio (the Board), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Alcohol, Drug Addiction and Mental Health Services Board of Tuscarawas Counties' major federal program for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Board's major federal program.

Management's Responsibility

The Board's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the Board's major program. However, our audit does not provide a legal determination of the Board's compliance.

Basis for Qualified Opinion on Block Grants for Prevention and Treatment of Substance Abuse Program

As described in Finding 2018-002 in the accompanying Schedule of Findings, the Board did not comply with requirements regarding Procurement and Suspension and Debarment applicable to its CFDA 93.959 Block Grants for Prevention and Treatment of Substance major federal program. Compliance with this requirement is necessary, in our opinion, for the Board to comply with requirements applicable to this program.

Qualified Opinion on Block Grants for Prevention and Treatment of Substance Abuse Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Block Grants for Prevention and Treatment of Substance Abuse Program* paragraph, 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 could directly and materially affect its Block Grants for Prevention and Treatment of Substance Abuse Program for the year ended December 31, 2018.

Other Matters

The Board's response to our noncompliance finding is described in the accompanying Corrective Action Plan. We did not subject the Board's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected or corrected. *A significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying Schedule of Findings as item 2018-002.

The Board's response to our internal control over compliance finding is described in the accompanying Corrective Action Plan. We did not subject the Board's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 19, 2019

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Block Grants for Prevention and Treatment of Substance Abuse (SABG) CFDA #93.959
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018
(Continued)

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

FINDING NUMBER 2018-001

Significant Deficiency

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

As a result of audit procedures performed, an error was noted in the Board's financial statements that required audit adjustment as follows:

- Intergovernmental Revenue and Expenditures for the Help Me Grow grant funds passed through from the Ohio Department of Disabilities to the Board and subsequently to the Family and Children First Council in the amount of \$172,014 were omitted.

We also identified material errors and omissions in the footnotes that have been adjusted in the final report. Disclosure for Interfund Balances were not originally included in the footnotes.

In addition, other insignificant misstatements related to mispostings of receipts and expenditures ranging from \$11,816 to \$15,235 were identified.

Sound financial reporting is the responsibility of the Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The adjustments and reclassifications were agreed to by management, and the financial statements have been adjusted accordingly.

To help ensure the Board's financial statements and notes to the financial statements are complete and accurate, the Board should adopt policies and procedures to identify and correct errors and omissions. In addition, the Board should review the financial statements and notes prior to submission for audit.

Officials' Response: See Corrective Action Plan.

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Suspension & Debarment

Finding Number:	2018-002
CFDA Number and Title:	CFDA # 93.959 Block Grants for Prevention and Treatment of Substance Abuse (SABG)
Federal Award Identification Number / Year:	2018 & 2019
Federal Agency:	U.S. Department of Health and Human Services
Compliance Requirement:	Procurement & Suspension & Debarment
Pass-Through Entity:	Ohio Department of Mental Health and Addiction Services
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness

2 C.F.R. § 376.220 states that “[i]n addition to the contracts covered under 2 C.F.R. § 180.220(b), this part also applies to all lower tiers of subcontracts under covered nonprocurement transactions, as permitted under the OMB guidance at 2 C.F.R. § 180.220(c).”

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 C.F.R. § 180.220. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 C.F.R. § 180.215.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 C.F.R. § 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/> (note: EPLS is no longer a separate system; however, the OMB guidance and agency implementing regulations still refer to it as EPLS), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 C.F.R. § 180.300).

During fiscal year 2018, the Board had procedures in place for this requirement. However, the procedures were not always followed. As a result, the Board entered into transactions with vendors for the Substance Abuse Block Grant exceeding \$25,000 but provided no documentation that a verification was performed to ensure these vendors were not suspended or debarred. This could result in expenditures made to parties excluded by the Federal Government.

The Board should enact policies and procedures to help ensure federal requirements over suspension and debarment are satisfied.

Officials’ Response: See Corrective Action Plan.

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	As the administrative agent for Tuscarawas County Family and Children First Council beginning in SFY 2012, the ADAMHS Board has been directly depositing Help Me Grow funding into Council's revenue funds without passing it through the Board's financials. In order to reflect these funds on the ADAMHS Board's SEFA, the following recommendation was made by the Tuscarawas County Auditor. Help Me Grow Funding will pass through the ADAMHS Board financials via a memo on the County Auditor's ledger. When funds are received by the ADAMHS Board, the Board will request a pay-in and expenditure posting to the appropriate ADAMHS Board accounts. The Auditor's office will do an inhouse check to deposit the funds in the appropriate Council accounts. Copies of supporting documentation for all memo transactions will be included in the Board's receipt binder.	10/1/2019	Michelle Sayre, Fiscal Manager
2018-002	The ADAMHS Board has three types of contract templates: Provider Service Contract, Funding Agreement and Consultant Agreement. Each contract represents different responsibilities for the Board and the Contract/Agreement recipient. The entity that received federal funding had a Funding Agreement in place instead of a Provider Service Contract that includes requirements related to federal funding. Therefore, any subrecipient entity receiving federal funding through the ADAMHS Board will require a Provider Service Contract. In addition, all these subrecipients will be checked in the General Services Administration (GSA) at http://www.sam.gov/portal/public/SAM/ for any exclusions related to suspension or disbarment. A copy of search results will be attached to Provider Service Contracts.	9/13/2019	Michelle Sayre, Fiscal Manager

OHIO AUDITOR OF STATE KEITH FABER



ADAMH 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
SEPTEMBER 26, 2019**