MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD OF LOGAN AND CHAMPAIGN COUNTIES

FINANCIAL STATEMENT

June 30, 2009

Mary Taylor, CPA
Auditor of State

Board Members
Mental Health, Drug and Alcohol Services Board
of Logan and Champaign Counties
P.O. Box 765
123 N. Detroit St.
West Liberty, Ohio 43357

We have reviewed the *Report of Independent Accountants* of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties prepared by Joseph Decosimo and Company, LLC, for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 28, 2009

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MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD
OF LOGAN AND CHAMPAIGN COUNTIES

CONTENTS

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board Members
Mental Health, Drug and Alcohol Services
Board of Logan and Champaign Counties
West Liberty, Ohio

We have audited the accompanying combined statement of cash receipts, cash disbursements and changes in fund cash balances of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties (the Board) for the year ended June 30, 2009. This financial statement is the responsibility of the Board's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

As described more fully in Note 1, the Board's management has prepared the financial statement using accounting practices the Ohio Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statement presents, GAAP requires presenting entity wide financial statements and also presenting the Board's larger (i.e., major) funds separately. While the Board does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the financial statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Board has elected not to follow GAAP financial statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above does not present fairly, in conformity with GAAP, the financial position of the Board as of June 30, 2009, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Board, as of June 30, 2009, and its combined cash receipts and disbursements for the year then ended on the accounting basis as described in Note 1.

The Board has not presented Management's Discussion and Analysis, which GAAP has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement that collectively comprises the Board's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statement taken as whole.

Joseph Decosimo and Company, LLC

Cincinnati, Ohio
November 30, 2009

MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD
OF LOGAN AND CHAMPAIGN COUNTIES
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
Year Ended June 30, 2009

	General Fund	Fiduciary Funds	Total (Memorandum Only)
Receipts			
Taxes	$ 764,973	$ -	$ 764,973
Intergovernmental - Medicaid	4,467,395	-	4,467,395
Intergovernmental	508,319	-	508,319
Rental income	65,392	-	65,392
Charges for services - Medicaid	362,062	-	362,062
Charges for services	27,018	-	27,018
	6,195,159	-	6,195,159
Disbursements			
Salaries - Medicaid	99,110	-	99,110
Salaries	145,058	-	145,058
Benefits - Medicaid	653	-	653
Benefits	106,774	-	106,774
Purchased services - Medicaid	4,625,682	-	4,625,682
Purchased services	630,494	-	630,494
Dues and memberships	59,298	-	59,298
Board operations	55,301	-	55,301
Supplies and materials	20,806	-	20,806
Rental expenses	12,272	-	12,272
Advertising and printing	11,790	-	11,790
Contract labor	11,314	-	11,314
Travel and training	9,902	-	9,902
Professional fees	8,556	-	8,556
Repairs	1,944	-	1,944
	5,798,954	-	5,798,954
Excess of receipts and other financing sources over disbursements	396,205	-	396,205
FUND CASH BALANCES - beginning of year, as restated (Note 10)	1,580,419	125	1,580,544
FUND CASH BALANCES - end of year	$ 1,976,624	$ 125	$ 1,976,749
RESERVE FOR ENCUMBRANCES - end of year	$ 1,483,734	$ -	$ 1,483,734

The accompanying notes are an integral part of the financial statement.

MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD
OF LOGAN AND CHAMPAIGN COUNTIES
NOTES TO FINANCIAL STATEMENT
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS - The constitution and laws of the State of Ohio establish the rights and privileges of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties as a body corporate and politic. An eighteen-member board is the governing body. The Board's Director and the legislative authorities of the political subdivisions appoint the other Board members. The Board includes members from those legislative authorities as well as citizens of Logan and Champaign Counties. Those subdivisions are Director of the Ohio Department of Mental Health, Director of Ohio Department of Alcohol and Drug Addiction, and the County Commissioners of Logan and Champaign Counties. The Board provides alcohol, drug addiction and mental health services and programs to citizens of Logan and Champaign Counties. Private and public agencies are the primary service providers through Board contracts.

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

BASIS OF ACCOUNTING - The financial statement follows the accounting basis the Auditor of State prescribes or permits. 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).

The statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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

FUND ACCOUNTING - The Board uses fund accounting to segregate cash and investments that are restricted as to use. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The Board classifies its funds into the following types:

General fund - This fund reports all financial resources except those required to be accounted for in another fund.

Fiduciary funds - Funds used to account for resources restricted for which the Board receives in an agency capacity.

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 fund, function or object level of control and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The Champaign County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Estimated Resources - Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1. The Champaign County Budget Commission must also 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 the 2009 budgetary activity appears in Note 2.

PROPERTY, PLANT AND EQUIPMENT - The Board classifies acquisitions of property, plant and equipment as disbursements when paid.

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.

DEBT - The Board has non-interest bearing debt with the Ohio Department of Mental Health (ODMH). The financial statement does not include a liability for this debt.

TOTAL COLUMN ON FINANCIAL STATEMENT - The total column on the financial statement is captioned "(Memorandum Only)" to indicate that these amounts are presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

SUBSEQUENT EVENTS - For the year ended June 30, 2009, the Board has evaluated subsequent events for potential recognition and disclosure through November 30, 2009, the date of the financial statement issuance.

NOTE 2 - BUDGETARY ACTIVITY

Activity for 2009 is as follows:

	Budgeted Receipts (Calendar year)	Actual Receipts (Fiscal year)	Favorable Variance
General fund	$ 5,455,379	$ 6,195,159	$ 739,780

	Budgeted Expenditures (Calendar year)	Actual Expenditures (Fiscal year)	Favorable Variance
General fund	$ 6,060,898	$ 5,798,954	$ 261,944

The budgetary comparison for 2009 includes appropriations and encumbrances filed with Champaign County based upon the calendar year ending December 31, 2009. As of the most recent calendar year, December 31, 2008, the Board was in compliance with all requirements established by Ohio Revised Code Section 5705.41 (B).

NOTE 3 - PROPERTY 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 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 and 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 Logan and Champaign Counties by each April 30.

Logan and Champaign Counties are responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Board.

NOTE 4 - RETIREMENT PLANS

The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate benefit plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll.

The Board's contribution rate for 2008 was 14 percent of covered payroll. For 2008, a portion of the Board's contribution equal to 7 percent of covered payroll was allocated to fund the postemployement healthcare plan.

The Board's required contributions for pension obligations to the traditional and combined plans for the year ended June 30, 2009, totaled $44,167. The Board has paid all contributions required through June 30, 2009.

NOTE 5 - POSTEMPLOYMENT BENEFITS

OPERS maintains a cost-sharing multiple-employer defined benefit postemployement healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployement healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployement healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The postemployement healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployement healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployement healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployement healthcare benefits. The amount of the employer contributions which was allocated to fund postemployement healthcare was 7 percent of covered payroll for 2008.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Board's contributions allocated to fund postemployement healthcare benefits for the year ended June 30, 2009, totaled $22,084. The Board has paid all contributions required through June 30, 2009.

NOTE 6 - LONG-TERM OBLIGATIONS

The Board has entered into five non-interest bearing mortgage agreements with the Ohio Department of Mental Health. In accordance with the mortgage agreements, the loans are forgiven by the State of Ohio over a period of 40 years, under the condition that the facilities are used exclusively for the purpose of providing mental health services.

NOTE 6 - LONG-TERM OBLIGATIONS - continued

As of June 30, 2009, these obligations consist of:

Mortgage, ODMH, original loan balance of $818,084, non-interest bearing note, forgiven by ODMH in monthly installments of $1,704, term expiring November 2033.	$	497,794
Mortgage, ODMH, original loan balance of $125,000, non-interest bearing note, forgiven by ODMH in monthly installments of $260, expiring October 2035.		81,836
Mortgage, ODMH, original loan balance of $154,488, non-interest bearing note, forgiven by ODMH in monthly installments of $322, expiring August 2041.		116,664
Mortgage, ODMH, original loan balance of $208,512, non-interest bearing note, forgiven by ODMH in monthly installments of $434, expiring April 2042.		178,150
Mortgage, ODMH, original loan balance of $76,000, non-interest bearing note, forgiven by ODMH in monthly installments of $158, expiring August 2043.		64,764
	$	939,208

Principal amounts of long-term obligations are expected to be forgiven for the following periods:

Year ending		
June 30, 2010	$	34,536
June 30, 2011		34,536
June 30, 2012		34,536
June 30, 2013		34,536
June 30, 2014		34,536
Thereafter		766,528
	$	939,208

Principal forgiven by ODMH during the year ended June 30, 2009, totaled $34,536.

NOTE 7 - LEASE REVENUE

The Board has entered into a lease as lessor for the mental health center at 1521 N. Detroit Street, West Liberty, Ohio with Consolidated Care, Inc., a funded agency of the Board. Rental income for the year ended June 30, 2009, totaled $65,392.

NOTE 8 - CONTINGENCIES

Amounts grantor agencies pay to the Board are subject to audit and adjustments by the grantor, principally the federal government. The grantor may require refunding by the Board for any disallowed costs. Management cannot determine amounts grantors may disallow in future periods. However, based on prior experience, management believes any refunds would be immaterial to its financial statement as of June 30, 2009.

NOTE 9 - RISK MANAGEMENT

The Board has obtained commercial insurance for the following risks:

- Director and officer insurance
- Comprehensive property and general liability
- Bond insurance
- Errors and omissions

There was no reduction in the level of coverage during the year and settled claims have not exceeded insurance coverage in any of the past three years.

NOTE 10 - RESTATED BALANCE OF OPENING FUND CASH BALANCE

The prior year general fund cash balance has been adjusted by $995,593 to correct for amounts recorded in error to a special revenue fund prior to July 1, 2008.

	General Fund	Special Revenue Fund	Fiduciary Funds	Total (Memorandum only)
July 1, 2008 fund cash balance, as previously reported	$ 584,826	$ 995,593	$ 125	$ 1,580,544
Adjustments to restate general fund cash balance	995,593	(995,593)	-	-
July 1, 2008 fund cash balance, as restated	$ 1,580,419	$ -	$ 125	$ 1,580,544

SUPPLEMENTARY INFORMATION

MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD
OF LOGAN AND CHAMPAIGN COUNTIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2009

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services		
Passed through State Department of Mental Health		
Block grants for community mental health	93.958	$ 50,771
Child care and development block grant	93.575	13,992
Social services block grant (Title XX)	93.667	55,110
Medical Assistance Program (Title XIX)	93.778	1,282,831
Children's Health Insurance Program	93.767	108,075
		1,510,779
Passed through Ohio Department of Alcohol and Drug Addiction Services		
Block grants for prevention and treatment of substance abuse	93.959	255,199
Medical Assistance Program (Title XIX)	93.778	191,621
Children's Health Insurance Program	93.767	19,012
		465,832
Total U.S. Department of Health and Human Services		1,976,611
U.S. Department of Housing and Urban Development		
Supportive housing program	14.235	35,153
Total Expenditures of Federal Awards		$ 2,011,764

MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD OF LOGAN AND CHAMPAIGN COUNTIES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2009

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 - SUBRECIPIENTS

The Board passes through certain Federal assistance received from the U.S. Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). As described in Note 1, the Board records expenditures of Federal awards to subrecipients when paid.

NOTE 3 - MATCHING

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.

INTERNAL CONTROL AND COMPLIANCE

DECOSIMO
CERTIFIED PUBLIC ACCOUNTANTS

Joseph Decosimo and Company, LLC
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REPORT OF INDEPENDENT ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board Members
Mental Health, Drug and Alcohol Services
Board of Logan and Champaign Counties
West Liberty, Ohio

We have audited the combined statement of cash receipts, cash disbursements and changes in fund cash balances of the Mental Health, Drug and Alcohol Services Board of Logan and Champaign Counties for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009, wherein we noted that the Board followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process or report financial data reliably in accordance with accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Board's financial statement that is more than inconsequential will not be prevented or detected by the Board's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the Board's internal control.

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

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Board's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be report under *Government Auditing Standards.*

This report is intended solely for the information and use of the Board's management, the Auditor of State of Ohio and the 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.

Joseph Decosimo and Company, LLP

Cincinnati, Ohio
November 30, 2009

DECOSIMO
CERTIFIED PUBLIC ACCOUNTANTS

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133; OHIO DEPARTMENT OF MENTAL HEALTH, *FINANCIAL AND COMPLIANCE AUDIT GUIDELINES FOR COMMUNITY MENTAL HEALTH PROGRAMS AND AGENCIES RECEIVING STATE AND FEDERAL FUNDING*; AND OHIO DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES, *FINANCIAL AND COMPLIANCE AUDIT GUIDELINES FOR ALCOHOL AND OTHER DRUG ADDICTION PROGRAMS AND AGENCIES RECEIVING STATE AND FEDERAL FUNDING*

To the Board Members
Mental Health, Drug, and Alcohol Services
Board of Logan and Champaign Counties
West Liberty, Ohio

Compliance

We have audited the compliance of the Mental Health, Drug, and Alcohol Services Board of Logan and Champaign Counties with the types of compliance requirements described in the OMB Circular A-I33, *Compliance Supplement*; Ohio Department of Mental Health, *Financial and Compliance Audit Guidelines for Community Mental Health Programs and Agencies Receiving State and Federal Funding*; and Ohio Department of Alcohol and Drug Addiction Services, *Financial and Compliance Audit Guidelines for Alcohol and Other Drug Addiction Programs and Agencies Receiving State and Federal Funding* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental 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*; Ohio Department of Mental Health, *Financial and Compliance Audit Guidelines for Community Mental Health Programs and Agencies Receiving State and Federal Funding*; and Ohio Department of Alcohol and Drug Addiction Services, *Financial and Compliance Audit Guidelines for Alcohol and Other Drug Addiction Programs and Agencies Receiving State and Federal Funding*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A *control deficiency* in the Board's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Board's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Board's internal control.

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

This report is intended solely for the information and use of the Board's management, the Auditor of State of Ohio and the 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.

Joseph Decosimo and Company, LLC

Cincinnati, Ohio
November 30, 2009

MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD
OF LOGAN AND CHAMPAIGN COUNTIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:
GAAP Basis - Adverse
Regulatory basis - Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	____	Yes	x	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	Yes	x	None reported
Noncompliance material to financial statement noted?	____	Yes	x	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	____	Yes	x	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	Yes	x	None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	____	Yes	x	No

Identification of major program

CFDA Number	Name of Federal Program
93.778	Medical Assistance Program (Title XIX)

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee?	x	Yes	____	No

Section II - Financial Statement Findings
No matters reported.

Section III - Federal Award Findings and Questioned Costs
No matters reported.

MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD
OF LOGAN AND CHAMPAIGN COUNTIES
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2009

No prior audit findings reported.

Mary Taylor, CPA
Auditor of State

MENTAL HEALTH, DRUG AND ALCOHOL SERVICES BOARD

LOGAN 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
JANUARY 12, 2010

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