



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 Statements

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, 2016.

Management's Responsibility for the Financial Statements

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 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 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 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, 2016, 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, as of December 31, 2016, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2017, 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

May 24, 2017

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, 2016

| | General | Special Revenue | Totals (Memorandum Only) |
|---|-------------------------|-------------------------|--------------------------------|
| Cash Receipts | | | |
| Property Taxes | \$756,158 | \$0 | \$756,158 |
| Intergovernmental | 1,621,663 | 798,862 | 2,420,525 |
| Miscellaneous | 14,404 | 14,054 | 28,458 |
| <i>Total Cash Receipts</i> | <u>2,392,225</u> | <u>812,916</u> | <u>3,205,141</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Health: | | | |
| Salaries | 349,102 | 0 | 349,102 |
| Supplies | 5,830 | 0 | 5,830 |
| Equipment | 14,296 | 0 | 14,296 |
| Repairs | 3,288 | 0 | 3,288 |
| Contract Services | 2,012,899 | 711,842 | 2,724,741 |
| Insurance | 75,818 | 0 | 75,818 |
| Travel | 3,147 | 0 | 3,147 |
| OPERS | 48,874 | 0 | 48,874 |
| Workers' Compensation | 2,834 | 0 | 2,834 |
| Other Expenses | 12,783 | 0 | 12,783 |
| Medicare | 4,973 | 0 | 4,973 |
| <i>Total Cash Disbursements</i> | <u>2,533,844</u> | <u>711,842</u> | <u>3,245,686</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(141,619)</u> | <u>101,074</u> | <u>(40,545)</u> |
| Other Financing Receipts (Disbursements) | | | |
| 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> | (141,619) | 101,074 | (40,545) |
| <i>Fund Cash Balances, January 1</i> | <u>985,386</u> | <u>212,102</u> | <u>1,197,488</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | 0 | 312,710 | 312,710 |
| Assigned | 688,387 | 466 | 688,853 |
| Unassigned | 155,380 | 0 | 155,380 |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$843,767</u></u> | <u><u>\$313,176</u></u> | <u><u>\$1,156,943</u></u> |

See accompanying notes to the financial statement.

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

*Notes to the Financial Statement
For the Year Ended December 31, 2016*

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, Tuscarawas County, (the Board) as a body corporate and politic. The Board includes members from those legislative authorities as well as citizens of the Board. The Board operates under the direction of a fourteen-member appointed board. The Tuscarawas County Auditor and Tuscarawas County Treasurer are responsible for fiscal control of the resources of the Board which are maintained in the funds described below. Services provided by the Board include services to persons who are mentally ill, drug and alcohol services to residents, services to victims of domestic violence, and services to children as well as students having trouble in school. 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Board's financial statement consists 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 federal reimbursements passed through the 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 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 federal reimbursements passed through 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 Statement
For the Year Ended December 31, 2016
(Continued)*

Note 2 - Summary of Significant Accounting Policies (Continued)

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 2016 budgetary activity appears in Note 3.

Capital Assets

The Board records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does 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 statement does not include a liability for unpaid leave.

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:

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.

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

*Notes to the Financial Statement
For the Year Ended December 31, 2016
(Continued)*

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 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, 2016 follows:

| 2016 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$2,640,135 | \$2,539,725 | (\$100,410) |
| Special Revenue | 921,448 | 960,416 | 38,968 |
| Total | \$3,561,583 | \$3,500,141 | (\$61,442) |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$2,823,948 | \$2,698,229 | \$125,719 |
| Special Revenue | 932,412 | 864,808 | 67,604 |
| Total | \$3,756,360 | \$3,563,037 | \$193,323 |

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.

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

*Notes to the Financial Statement
For the Year Ended December 31, 2016
(Continued)*

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 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 Tuscarawas County.

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

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2016, consisted of \$147,500 advanced to special revenue funds to provide working capital for operations.

Note 7 - Risk Management

Full-time employees are provided health insurance, vision coverage and through the Tuscarawas County Health Consortium and are provided life insurance. Full-time employees are also offered dental, additional vision coverage and additional voluntary life insurance through the Tuscarawas County Commissioner's plans.

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, 2016.

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

*Notes to the Financial Statement
For the Year Ended December 31, 2016
(Continued)*

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, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 10 – 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.

Note 11 – Lease Agreement

The Board was paying rent for the premises located at 1260 Monroe Street, Suite 27N, New Philadelphia, OH, on a month to month basis which began in October 2015. The rental fees were \$2,420 per month, plus common area maintenance (CAM) charges adjustments made annually effective in January. The Board has paid \$3,063 per month in January and February and \$3,059 in March-August (with adjustments of (\$12) and (\$145)). The Board has a lease agreement for the premises located at 119 Garland Drive SW, New Philadelphia, OH, which began in September 2016. The rental fees were \$4,000 per month, plus common area maintenance (CAM) charges of \$100 per month. The Board currently has five year lease at \$4,100 per month. The Board paid total rent of \$40,719 during 2016 for these lease agreements.

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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 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, 2016, and the related notes to the financial statements and have issued our report thereon dated May 24, 2017, 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. 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.



Dave Yost
Auditor of State
Columbus, Ohio

May 24, 2017



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
JUNE 20, 2017**