



Dave Yost • Auditor of State

**GALLIA JACKSON MEIGS BOARD OF ALCOHOL,
DRUG ADDICTION AND MENTAL HEALTH SERVICES
GALLIA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction,
and Mental Health Services
Gallia County
53 Shawnee Lane
P.O. Box 514
Gallipolis, Ohio 45631

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction, and Mental Health Services, Gallia County, Ohio (the Board), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 1 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services, Gallia County, Ohio, as of December 31, 2012, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 1.

Accounting Basis

We draw attention to Note 1 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Board's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position, and governmental activities. The Federal Awards Expenditures Schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional analysis and are not a required part of the basic financial statements.

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

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 7, 2013, 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.

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

Dave Yost
Auditor of State

Columbus, Ohio

August 7, 2013

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**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The discussion and analysis of the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services' (the Board) financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2012, within the limitations of the Board's cash basis of accounting. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the Board's financial performance.

Financial Highlights

Key financial highlights for the year 2012 are as follows:

- Net position decreased \$164,169.
- General receipts accounted for \$2,202 in receipts or 0.03 percent of all receipts. Program specific receipts in the form of operating grants and contributions accounted for \$6,594,276 or 99.97 percent of total receipts of \$6,596,478.
- The Board had \$6,760,647 in disbursements related to governmental activities; 98 percent of these disbursements were offset by program specific operating grants and contributions. General receipts of \$2,202 plus the cash balance from December 31, 2011 of \$1,107,002 were adequate to provide additional monies for these programs.
- The Board's major fund had \$883,222 in available cash and \$6,428,739 in receipts, \$6,561,275 in disbursements, and \$257,913 in encumbrances. The fund balance at year end equaled \$883,222.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Board as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending.

Report the Board as a Whole

Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

While this document contains information used by the Board to provide programs and services for its service area, the view of the Board as a whole looks at all financial transactions and asks the question, "How did we do financially during calendar year 2012?" The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis answer this question. These two statements report the Board's net position and changes in that position. This change in net position is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished on a cash basis. The causes of this change may be the result of many factors, some financial, some not.

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

In the Statement of Net Position and the Statement of Activities, all of the Board's activities are considered to be Governmental Activities.

- Governmental Activities – The Board's only program and associated services are reported here.

Reporting the Board's Fund Financial Statements

Fund Financial Statements

The Board's activities are reported in the fund financial statements, which focus on how money flows and the balance left at year-end available for spending in future periods. These fund financial statements are reported on a cash basis of accounting. The fund financial statements provide a detailed short-term view of the Board's mental health and dependency rehabilitation operations and the services they provide. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance mental health and dependency rehabilitation programs.

Fund financial statements provide detailed information about the Board's major fund – not the Board as a whole. The Board establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used and is being spent for the intended purpose. All of the Board's Activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Board's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Board's programs. The Board's significant governmental fund is presented on the financial statements in a separate column. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Board's only major governmental fund is the General Fund.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Board has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Board's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenue (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The Board as a Whole

Recall that the Statement of Net Position provides the perspective of the Board as a whole. Table 1 provides a summary of the Board's net position for 2012 and compared to 2011.

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

**Table 1
Net Position**

	Governmental Activities	
	2012	2011
Assets		
Cash on deposit with Gallia County	\$ 942,833	\$ 1,107,002
Net Position		
Restricted for:		
Other Purposes	59,611	814
Unrestricted	883,222	1,106,188
Total net position	\$ 942,833	\$ 1,107,002

Total position decreased \$164,169. The decrease is due primarily to a decrease in revenues from Medicaid, as it was elevated to the state.

Table 2 shows the changes in net position for the year ended December 31, 2012 and comparison to 2011.

In 2012, 99.97 percent of the Board's total receipts were from Federal, State and other grant sources and .03 percent was miscellaneous receipts. Program cash receipts accounted for 99.97 percent of the Board's total receipts in year 2012. These receipts consist primarily of Medicaid and its matching funds, and federal operating grants.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2012	2011
Receipts		
<i>Program Cash Receipts</i>		
Operating Grants and Contributions	\$ 6,594,276	\$ 8,066,615
Total Program Cash Receipts	6,594,276	8,066,615
<i>General Receipts</i>		
Other Receipts	2,202	2,858
Total General Cash Receipts	2,202	2,858
Total Cash Receipts	6,596,478	8,069,473
Disbursements		
<i>Current</i>		
Alcohol, Drug Addiction and Mental Health Services	6,760,647	8,493,978
Total Disbursements	6,760,647	8,493,978
Change in Net Position	(164,169)	(424,505)
Net Position, January 1,	1,107,002	1,531,507
Net Position, December 31	\$ 942,833	\$ 1,107,002

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Contract services make up the vast majority of disbursements for the Board comprising 89.53% of total disbursements. Salaries and benefits comprise 8.76% of the total disbursements and other types of disbursements make up the remaining portion of disbursements.

The Statement of Activities shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by miscellaneous receipts and prior year cash balance carryovers.

**Table 3
Governmental Activities**

	Total Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2012	Net Cost of Services 2011
Alcohol, Drug Addiction and Mental Health Services:				
Salaries	\$ 408,048	\$393,047	\$ 408,048	\$393,047
Supplies	3,420	2,028	3,420	2,028
Equipment	3,382	240	3,382	240
Contracts – Repairs	5,231	7,698	5,231	7,698
Contracts – Services	6,052,828	7,808,818	(541,448)	(257,797)
Travel and Expenses	26,120	15,734	26,120	15,734
Public Employees Retirement	73,415	67,592	73,415	67,592
Unemployment Compensation	8,202	9,156	8,202	9,156
Medicare	5,917	5,699	5,917	5,699
Hospitalization	96,945	114,028	96,945	114,028
Other Expenses	77,139	69,938	77,139	69,938
Total Disbursements	\$ 6,760,647	\$8,493,978	\$ 166,371	\$ 427,363

The dependence upon state and federal funds for governmental activities is apparent as the Board has no local monies or levy monies.

The Board's Fund Financial Statements

The Board's fund financial statements are accounted for using the cash basis of accounting. The fund financial statements had total receipts of \$6,596,478 and disbursements of \$6,760,647. The financial statements had a decrease in the cash balance of \$164,169 from the 2011 year-end cash balance. This decrease is mainly due to expenditures exceeding amounts received.

Budgeting Highlights

The Board's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

During the course of 2012, the Board amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There was a significant change between the original and the final budget. For the General Fund, budget basis revenues were \$6,428,739, \$1,083,054 above original estimates of \$5,345,685. In addition, budget basis expenditures were \$6,819,188, \$1,473,503 above original estimates of \$5,345,685. The variances that did occur were mainly due to the fact that the Board is funded on the State's Fiscal Year (July through June) and thus projecting an exact budget is difficult at best.

Economic Factors

The receipts of the Board have decreased for 2012. The decrease was mainly due to changes in State allocation funding and decreases in Medicaid funding. The Board contracts with four primary provider agencies to deliver mental health and substance abuse services to the residents of Gallia, Jackson and Meigs Counties. However, the Board must pay for Medicaid services provided to Gallia, Jackson and Meigs County citizens by any qualified provider throughout Ohio. These costs have been increasing.

The Board will be challenged to maintain the current level of services and programs due to a decreasing receipts base and ordinary inflation. The Board and its administration must maintain careful financial planning and prudent fiscal management in order to balance the budget annually.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jennifer Metts, Fiscal Officer, at Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services, 53 Shawnee Lane, P.O. Box 514, Gallipolis, Ohio 45631.

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**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL,
DRUG ADDICTION AND MENTAL HEALTH SERVICES
GALLIA COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012**

	<u>Governmental Activities</u>
Assets	
Cash on deposit with Gallia County Auditor	<u>\$942,833</u>
<i>Total Assets</i>	<u><u>\$942,833</u></u>
Net Position	
Restricted for:	
Other Purposes	\$59,611
Unrestricted	<u>883,222</u>
<i>Total Net Position</i>	<u><u>\$942,833</u></u>

See accompanying notes to the basic financial statements

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL,
DRUG ADDICTION AND MENTAL HEALTH SERVICES
GALLIA COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements)</u> <u>Receipts and Changes in</u> <u>Net Position</u>
		<u>Operating Grants and</u> <u>Contributions</u>	<u>Governmental</u> <u>Activities</u>
Governmental Activities:			
Salaries	\$408,048		(\$ 408,048)
Supplies	3,420		(3,420)
Equipment	3,382		(3,382)
Contracts - Repairs	5,231		(5,231)
Contracts - Services	6,052,828	\$6,594,276	541,448
Travel and Expenses	26,120		(26,120)
Public Employees Retirement	73,415		(73,415)
Unemployment Compensations	8,202		(8,202)
Medicare	5,917		(5,917)
Hospitalization (Health Insurance)	96,945		(96,945)
Other Expenses	77,139		(77,139)
<i>Total Governmental Activities</i>	<u>\$6,760,647</u>	<u>\$6,594,276</u>	<u>(166,371)</u>
General Receipts:			
Other Receipts			<u>2,202</u>
<i>Total General Receipts</i>			<u>2,202</u>
<i>Changes in Net Position</i>			(164,169)
<i>Net Position Beginning of Year</i>			<u>1,107,002</u>
<i>Net Position End of Year</i>			<u><u>\$942,833</u></u>

See accompanying notes to the basic financial statements

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL,
DRUG ADDICTION AND MENTAL HEALTH SERVICES
GALLIA COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash on deposit with Gallia County	\$883,222	\$59,611	\$942,833
<i>Total Assets</i>	<u>\$883,222</u>	<u>\$59,611</u>	<u>\$942,833</u>
Fund Balances			
Restricted for Family and Children First Council		\$59,611	\$59,611
Assigned to Encumbrances	\$257,913		257,913
Unassigned	625,309		625,309
<i>Total Fund Balances</i>	<u>\$883,222</u>	<u>\$59,611</u>	<u>\$942,833</u>

See accompanying notes to the basic financial statements

GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL,
DRUG ADDICTION AND MENTAL HEALTH SERVICES
GALLIA COUNTY

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

	General	Other Governmental Funds	Total Governmental Funds
RECEIPTS			
Grants	\$6,426,537	\$167,739	\$6,594,276
Other Receipts	2,202		2,202
<i>Total Receipts</i>	<u>6,428,739</u>	<u>167,739</u>	<u>6,596,478</u>
DISBURSEMENTS			
Current:			
Salaries	379,288	28,760	408,048
Supplies	3,011	409	3,420
Equipment	3,382		3,382
Contracts - Repairs	5,231		5,231
Contracts - Services	5,897,404	155,424	6,052,828
Travel and Expenses	21,710	4,410	26,120
Public Employee's Retirement	69,389	4,026	73,415
Unemployment Compensation	7,361	841	8,202
Medicare	5,500	417	5,917
Hospitalization (Health Insurance)	96,945		96,945
Other Expenses	72,054	5,085	77,139
<i>Total Disbursements</i>	<u>6,561,275</u>	<u>199,372</u>	<u>6,760,647</u>
<i>Excess of Cash Receipts Over (Under) Disbursements</i>	<u>(132,536)</u>	<u>(31,633)</u>	<u>(164,169)</u>
<i>Fund Balance Beginning of Year- Restated (See Note 9)</i>	<u>1,015,758</u>	<u>91,244</u>	<u>1,107,002</u>
<i>Fund Balance End of Year</i>	<u><u>\$883,222</u></u>	<u><u>\$59,611</u></u>	<u><u>\$942,833</u></u>

See accompanying notes to the basic financial statements

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL,
DRUG ADDICTION AND MENTAL HEALTH SERVICES
GALLIA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDING DECEMBER 31, 2012**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
RECEIPTS				
Grants	\$ 5,345,685	\$ 6,428,739	\$ 6,426,537	\$ 2,202
Miscellaneous			2,202	(2,202)
<i>Total Receipts</i>	<u>5,345,685</u>	<u>6,428,739</u>	<u>6,428,739</u>	<u>-</u>
DISBURSEMENTS				
Current:				
Salaries	400,482	378,223	379,288	(1,065)
Supplies	3,500	3,091	3,011	80
Equipment	15,000	15,000	3,382	11,618
Contracts - Repairs	18,000	18,000	5,231	12,769
Contracts - Services	4,563,994	6,908,570	6,155,317	753,253
Travel and Expenses	20,000	25,590	21,710	3,880
Public Employee's Retirement	70,430	77,090	69,389	7,701
Unemployment Compensation	10,397	9,556	7,361	2,195
Medicare	5,807	5,510	5,500	10
Hospitalization (Health Insurance)	103,075	103,075	96,945	6,130
Other Expenses	135,000	107,609	72,054	35,555
<i>Total Disbursements</i>	<u>5,345,685</u>	<u>7,651,314</u>	<u>6,819,188</u>	<u>832,126</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>(1,222,575)</u>	<u>(390,449)</u>	<u>832,126</u>
<i>Fund Balance Beginning of Year - Restated (See Note 9)</i>	519,269	519,269	519,269	-
<i>Prior Year Encumbrances Appropriated</i>	496,489	496,489	496,489	-
<i>Fund Balance End of Year</i>	<u>\$ 1,015,758</u>	<u>\$ (206,817)</u>	<u>\$ 625,309</u>	<u>\$ 832,126</u>

See accompanying notes to the basic financial statements

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**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services, Gallia County (the Board), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is directed by an eighteen-member Board. Board members are appointed by the Board's Director and the legislative authorities as well as citizens of the Board. Those subdivisions are Gallia, Jackson, and Meigs Counties. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. These services are provided primarily through contracts with private and public agencies.

The Board serves as the Administrative Agent for the Gallia Family and Children First Council (the Council). As Administrative Agent, the Board has appointing authority for the Council's employees and is responsible for determining that disbursements comply with policies prescribed by State departments in rules or interagency agreements. As required by the Revised Code, the Council is governed by a Board that includes the Executive Director of the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services. The activities of the Family and Children First Council are reported as a Special Revenue Fund within the Board's Financial Statements.

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

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the Board consists of all funds, departments, boards and agencies that are not legally separate from the Board.

Component units are legally separate organizations for which the Board is financially accountable. Component units may also include organizations that are fiscally dependent on the Board in that the Board approves their budget, the issuance of their debt or the levying of their taxes. The Board has no component units.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures are due to encumbrances outstanding at the beginning and end of the year.

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

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

The Board's basic financial statements consist of government-wide statements including a statement of net position and a statement of activities, and governmental financial statements providing more detailed financial information.

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities. The Board has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Board at year-end. The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the Board's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements – Fund financial statements report detailed information about the Board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

C. Cash

As required by Ohio Revised Code, the Gallia County Treasurer is custodian for the Board's cash. The Board's cash is held in Gallia County's cash and investment pool and is valued at the Gallia County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County by contacting Steve McGhee, Gallia County Treasurer, Gallia County Courthouse 18 Locust Street, Gallipolis, Ohio 45631.

D. Fund Accounting

The Board's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific Board functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following is the Board's only major governmental fund:

General Fund

The General Fund is the operating fund of the Board and is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

The other governmental funds of the Board account for grants and other resources whose use is restricted to a particular purpose.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Budgetary Basis Fund Balances

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. The table below presents that difference for the Board's Major Fund:

	General Fund
Budgetary Basis Fund Balance	\$ 625,309
Encumbrances	257,913
Fund Cash Balance	\$ 883,222

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as liability under the Board's basis of accounting.

H. 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:

1. Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

2. Restricted

Fund balance is reported as *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.

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fund Balance (Continued)

3. Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board separately from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

4. Assigned

Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a Board official delegated that authority by resolution, or by State Statute.

5. 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.

2. CHANGE IN ACCOUNTING PRINCIPLE

For 2012, the Board has implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the Board's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

3. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description- The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension 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 Pension 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 visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 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 2012, member and employer contribution rates were consistent across all three plans. Members in the state and local classifications may participate in all three plans. For the year ended December 31, 2012, members in state and local classifications contributed 10 percent of covered payroll. The Board's 2012 contribution rate was 14 percent of covered payroll.

The Board's required contribution for pension obligations for the year ended December 31, 2012 was \$73,415.

4. POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

4. POST EMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments.cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB plan.

Each year, the OPERS Retirement Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2012.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Board's contributions allocated to fund post-employment health care benefits for the year ended December 31, 2012 was \$20,975.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective for January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

5. RISK MANAGEMENT

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability and
- Directors and Officers liability.

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION
AND MENTAL HEALTH SERVICES**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

6. CONTINGENT LIABILITIES

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

7. ENCUMBRANCE COMMITMENTS

At December 31, 2012, the board had encumbrance commitments in the Governmental Funds as follows:

General Fund	<u>\$ 257,913</u>
Total Encumbrances	<u>\$ 257,913</u>

8. MEDICAID ELEVATION

As a result of House Bill 153, Medicaid Elevation was implemented in 2011. Boards are responsible for claims with dates of service prior to July 1, 2011. It is assumed that providers will be submitting claims directly to the Ohio Department of Job and Family Services (ODJFS) for claims with dates of service on and after July 1, 2012 and providers will be directly reimbursed by ODJFS. It is uncertain what effect (if any) this will ultimately have on the Board's operations.

9. RESTATEMENT OF FUND BALANCES

The beginning of the year fund balances were restated due to changes in treatment of administrative grant charges and reclassified receipts identified from previous years' activities. The changes resulted in the following restatements:

Fund	Original Balance at December 31, 2011	Increase / (Decrease)	Restated 2012 Beginning Balance
General Fun	\$1,106,188	(\$90,430)	\$1,015,758
Other Governmental Funds	814	90,430	91,244
Total	\$1,107,002	\$ -	\$1,107,002

Fund	Original Balance at December 31, 2011	Increase / (Decrease)	Restated 2012 Beginning Balance
General Fund- Budget Basi	\$609,699	(\$90,430)	\$519,269
Total	\$609,699	(\$90,430)	\$519,269

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL
DRUG ADDICTION AND MENTAL HEALTH SERVICES
GALLIA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> <u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Disbursements</u>
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Pass-Through Ohio Department of Health:</i>			
Special Education - Grants for Infants and Families	84.181	02710021HG0312/0413	\$ 25,815
Total United States Department of Education			25,815
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Pass-Through Ohio Department of Mental Health:</i>			
Social Services Block Grant	93.667	N/A	90,425
Children's Health Insurance Program	93.767	N/A	5,692
Medical Assistance Program	93.778	N/A	73,089
Block Grants for Community Mental Health Services Community Plan	93.958	BG-13-100-20-006	77,863
<i>Pass-Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Children's Health Insurance Program	93.767	N/A	(13)
Medical Assistance Program	93.778	N/A	936
Substance Abuse and Mental Health Services- Strategic Prevention Framework State Initiative Grant	93.243	N/A	20,000
Block Grants for the Prevention and Treatment of Substance Abuse	93.959		
Women's Set Aside		27-1220-WOMENT-T-12/13-8986	19,527
Per Capita			141,847
TASC		27-8184-TASC-T-12/13-9180	405,470
Community Coalition		27-1220-CMMCO-P-12/13-0037	26,408
Prevention Services			103,106
Total Block Grants for the Prevention and Treatment of Substance Abuse			<u>696,358</u>
Total United States Department of Health and Human Services			<u>964,350</u>
Total Federal Awards Expenditures			<u>\$ 990,165</u>

The Notes to the Federal Awards Expenditures Schedule are an integral part of the Schedule.

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL,
DRUG ADDICTION AND MENTAL HEALTH SERVICES
GALLIA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services' (the Board's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The Board passes certain federal awards received from the Ohio Department of Health to other governments or not-for-profit agencies (subrecipients). As Note A 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 C – 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-Federal matching funds.



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

Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction,
and Mental Health Services
Gallia County
53 Shawnee Lane
P.O. Box 514
Gallipolis, Ohio 45631

To the Members of the Board:

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 governmental activities, the major fund, and the aggregate remaining fund information of the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services, Gallia County, Ohio (the Board), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated August 7, 2013.

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 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*.

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

August 7, 2013



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction,
and Mental Health Services
Gallia County
53 Shawnee Lane
P.O. Box 514
Gallipolis, Ohio 45631

To the Members of the Board:

Report on Compliance for Each Major Federal Program

We have audited the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services, Gallia County, Ohio (the Board), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Board's major federal program for the year ended December 31, 2012. The *Summary of Audit 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 the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for each of the Board's major federal programs 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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.

Opinion on the Major Federal Program

In our opinion, the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

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 OMB Circular A-133, 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 compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with 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 would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

August 7, 2013

**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL,
DRUG ADDICTION AND MENTAL HEALTH SERVICES
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses 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)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(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	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Block Grants for the Prevention and Treatment of Substance Abuse- CFDA #93.959
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUGS ADDICTION AND MENTAL HEALTH SERVICES

ATHENS 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
AUGUST 22, 2013**