



**Auditor of State  
Betty Montgomery**



**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING AND VINTON COUNTIES  
ATHENS COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Alcohol, Drug Addiction and Mental Health Services  
Board of Athens, Hocking and Vinton Counties  
Athens County  
7990 Dairy Lane  
P.O. Box 130  
Athens, Ohio 45701

To the Board of Directors:

We have audited the accompanying financial statement of the Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties, Athens County, Ohio (the Board), as of and for the year ended December 31, 2003. 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Board prepares its financial statement on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties, Athens County, as of December 31, 2003, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Federal Awards Expenditures is presented for 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 financial statement. We subjected this information to the auditing procedures applied in the audit of the financial statement. In our opinion, it is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

May 3, 2004

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING AND VINTON COUNTIES  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Local taxes	\$ 2,059,626	\$	\$	\$	\$ 2,059,626
Intergovernmental	11,339,659	8,480		102,400	11,450,539
Interest Income				329	329
Rent		11,004			11,004
Miscellaneous	2,418				2,418
<b>Total Cash Receipts</b>	<b>13,401,703</b>	<b>19,484</b>	<b>0</b>	<b>102,729</b>	<b>13,523,916</b>
<b>Cash Disbursements:</b>					
Current:					
Salaries	609,015				609,015
Supplies and Materials	11,323				11,323
Equipment	25,816				25,816
Contract Services	11,743,503	3,682		32,794	11,779,979
Grants	3,638				3,638
Travel and Expenses	22,399				22,399
Public Employees Retirement	82,013				82,013
Workers' Compensation	9,285				9,285
Maintenance and Repairs		3,523			3,523
Utilities		3,896			3,896
Debt Service:					
Principal Payments			872		872
Interest Payments			168		168
Auditor and Treasurer Fees	56,928				56,928
Other Expenses	293,227				293,227
<b>Total Cash Disbursements</b>	<b>12,857,147</b>	<b>11,101</b>	<b>1,040</b>	<b>32,794</b>	<b>12,902,082</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>544,556</b>	<b>8,383</b>	<b>(1,040)</b>	<b>69,935</b>	<b>621,834</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds of Loan				40,000	40,000
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>40,000</b>	<b>40,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>544,556</b>	<b>8,383</b>	<b>(1,040)</b>	<b>109,935</b>	<b>661,834</b>
<b>Fund Cash Balances, January 1</b>	<b>711,595</b>	<b>23,269</b>	<b>1,198</b>	<b>62,411</b>	<b>798,473</b>
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,256,151</b>	<b>\$ 31,652</b>	<b>\$ 158</b>	<b>\$ 172,346</b>	<b>\$ 1,460,307</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 713,887</b>	<b>\$ 0</b>	<b>\$ 158</b>	<b>\$ 21,000</b>	<b>\$ 735,045</b>

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

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**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING AND VINTON COUNTIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties, Athens 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 Ohio Department of Mental Health, the Ohio Department of Alcohol and Drug Addiction Services, the Board's Director and the legislative authorities of the political subdivisions making up the Board. The Board includes members from those legislative authorities as well as citizens of the political subdivisions. Those subdivisions are Athens County, Hocking County and Vinton County. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the political subdivisions. These services are provided primarily through contracts with private and public agencies.

The Board is associated with the Southern Consortium for Children, which is defined as a jointly governed organization. This organization is presented in Note 7.

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

**B. Basis of Accounting**

This financial statement follows 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash**

As required by the Ohio Revised Code, the Board's cash is held and invested by the Athens County Treasurer, who acts as custodian for Board monies. The Board's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING AND VINTON COUNTIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Board had the following Special Revenue Funds:

*SAMI Project Fund* – This fund accounts for the proceeds of rental income and rental subsidies received for short-term stays for patients recovering from substance abuse in Athens County.

*Hocking County House Fund* – This fund accounts for the proceeds of rental income and rental subsidies received for short-term stays for patients recovering from substance abuse in Hocking County.

*Vinton County House Fund* – This fund accounts for the proceeds of rental income and rental subsidies received for short-term stays for patients recovering from substance abuse in Vinton County.

**3. Debt Service Fund**

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Board had the following Debt Service Fund:

*317 Board Note Retirement Fund* – This fund receives tax levy proceeds to retire the principal and pay interest due on notes for building construction.

**4. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Board had the following Capital Projects Fund:

*317 Board Building Construction Fund* – This fund receives revenue from other funds to make capital acquisitions and improvements to Board-owned facilities.

**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 or function level of control, and appropriations may not exceed estimated resources. The Board 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.

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING AND VINTON COUNTIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(Continued)**

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

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2003 budgetary activity appears in Note 2.

**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 statement.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Board.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2003, follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 13,003,285	\$ 13,401,703	\$ 398,418
Special Revenue	0	19,484	19,484
Debt Service	0	0	0
Capital Projects	0	142,729	142,729
Total	\$ 13,003,285	\$ 13,563,916	\$ 560,631

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING AND VINTON COUNTIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(Continued)**

**2. BUDGETARY ACTIVITY (Continued)**

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 13,738,149	\$ 13,571,034	\$ 167,115
Special Revenue	0	11,101	(11,101)
Debt Service	1,198	1,198	0
Capital Projects	75,761	53,794	21,967
Total	\$ 13,815,108	\$ 13,637,127	\$ 177,981

**3. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the various Counties by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the political subdivisions making up the Board.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the various Counties by each April 30.

Athens, Hocking and Vinton Counties are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

**4. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
General Obligation Note	\$ 39,128	2.5%

The general obligation note was issued to finance the purchase and renovation of a five-unit apartment complex for the SAMI project. The note is collateralized solely by the SAMI project property.

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING AND VINTON COUNTIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(Continued)**

**4. DEBT (Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31	General Obligation Note
2004	\$ 6,243
2005	6,243
2006	6,243
2007	6,243
2008	6,243
2009 – 2010	11,444
Total	\$ 42,659

**5. RETIREMENT SYSTEM**

The Board's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, PERS members contributed 8.5% of their gross salaries. The Board contributed an amount equal to 13.55% of participants' gross salaries. The Board has paid all contributions required through December 31, 2003.

**6. RISK MANAGEMENT**

The Board has obtained commercial insurance coverage for the following risks:

- General liability and casualty;
- Directors and officials liability;
- Vehicle; and,
- Property

The Board also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**7. JOINTLY GOVERNED ORGANIZATION**

The Board, in conjunction with three other Alcohol, Drug Addiction and Mental Health Services Boards, governs the Southern Consortium for Children (SCC), which is a regional council of governments, authorized by Chapter 167 of the Ohio Revised Code. The SCC serves as a program planning, development and coordination arm of the four Alcohol, Drug Addiction and Mental Health Services Boards (Athens-Hocking-Vinton, Gallia-Jackson-Meigs, Adams-Lawrence-Scioto and Washington Counties) for youth who are severely emotionally disturbed.

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING AND VINTON COUNTIES  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2003  
(Continued)**

**7. JOINTLY GOVERNED ORGANIZATION (Continued)**

The SCC Board is comprised of the Executive Director of each of the above mentioned Alcohol, Drug Addiction and Mental Health Services Boards, and is responsible for planning, developing, implementing, maintaining and monitoring children's mental health service programs within the service district.

**8. CONTRACTUAL COMMITMENTS**

The Board has entered into contractual agreements with the agencies listed below for alcohol, drug addiction and mental health services. These contracts are for services provided, and have ceilings. Balances outstanding as of December 31, 2003 (ceilings less payments), are as follows:

My Sisters Place	\$ 91,304
Vinton County Senior Citizens	19,063
Health Recovery Services, Inc.	813,265
Tri-County Mental Health and Counseling	954,639
Hospice of Appalachia	4,511
The Gathering Place	<u>66,096</u>
Total	<u><u>\$ 1,948,878</u></u>

The Board also entered into a contractual agreement with Grenco Construction for the renovation of a building to provide housing for clients. The balance outstanding as of December 31, 2003 was \$67.

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the 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.

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING, AND VINTON COUNTIES  
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Pass-Through Athens Metropolitan Housing Authority:</i>			
Shelter Plus Care	14.238	N/A	<u>\$ 7,462</u>
Total United States Department of Housing and Urban Development			7,462
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
<i>Direct from Federal Government:</i>			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program - Mental Health Courts	16.580	2003-DD-BX-0203	<u>37,500</u>
Total United States Department of Justice			37,500
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Pass-Through State Department of Alcohol and Drug Addiction Services:</i>			
Safe and Drug-Free Schools and Communities - State Grants	84.186	N/A	<u>91,000</u>
Total United States Department of Education			91,000
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Pass-Through State Department of Alcohol and Drug Addiction Services:</i>			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	05-00405-SIG-P04-0408	64,025
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	N/A	
Drug and Alcohol Abuse			310,212
Womens Set Aside			735,424
T.E.A.M. Athens County			41,425
TASC			421,193
Drug Free Work Place			<u>29,167</u>
Total Block Grants for the Prevention and Treatment of Substance Abuse			1,537,421
Medical Assistance Program	93.778	N/A	710,974
<i>Pass-Through State Department of Mental Health:</i>			
Social Services Block Grant	93.667	N/A	86,373
Medical Assistance Program	93.778	N/A	3,349,536
Block Grants for Community Mental Health Services	93.958	N/A	
Community Plan			75,457
COAC Children and Adolescent			<u>60,874</u>
Total Block Grants for Community Mental Health Services			136,331
Total United States Department of Health and Human Services			<u>5,884,660</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 6,020,622</u></b>

*The accompanying notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.*

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING AND VINTON COUNTIES  
ATHENS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2003**

**NOTE 1 - BASIS OF ACCOUNTING**

The Board prepares its Schedule of Federal Awards Expenditures (the Schedule) on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

**NOTE 2 - SUBRECIPIENTS**

The Board passes through certain federal grants from the State Department of Mental Health and the State Department of Alcohol and Drug Addiction Services to various not-for-profit corporations. The Board records expenditures of federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under OMB Circular A-133, the Board is responsible for monitoring subrecipients to help assure that federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grants agreements, and that performance goals are achieved.

To achieve that goal, the Board requires that each of the subrecipients receive an annual audit performed in accordance with OMB Circular A-133.





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Alcohol, Drug Addiction and Mental Health Services  
Board of Athens, Hocking and Vinton Counties  
Athens County  
7990 Dairy Lane  
P.O. Box 130  
Athens, Ohio 45701

To the Board of Directors:

We have audited the financial statement of the Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties, Athens County, Ohio (the Board), as of and for the year ended December 31, 2003, and have issued our report thereon dated May 3, 2004. 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.

**Compliance**

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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Alcohol, Drug Addiction and Mental Health Services  
Board of Athens, Hocking and Vinton Counties  
Athens County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, the Board of Directors, and 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.

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

**Betty Montgomery**  
Auditor of State

May 3, 2004



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Alcohol, Drug Addiction and Mental Health Services  
Board of Athens, Hocking and Vinton Counties  
Athens County  
7990 Dairy Lane  
P.O. Box 130  
Athens, Ohio 45701

To the Board of Directors:

#### Compliance

We have audited the compliance of the Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties, Athens County, Ohio (the Board), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. The Board's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 *Government 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 on 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 its major federal program for the year ended December 31, 2003.

#### 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Alcohol, Drug Addiction and Mental Health Services  
Board of Athens, Hocking and Vinton Counties  
Athens County  
Independent Accountants' Report on Compliance With Requirements  
Applicable to Each Major Federal Program and Internal Control  
Over Compliance in Accordance With OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, the Board of Directors, and 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.

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

**Betty Montgomery**  
Auditor of State

May 3, 2004

**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES  
BOARD OF ATHENS, HOCKING AND VINTON COUNTIES  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED DECEMBER 31, 2003**

**1. SUMMARY OF AUDITOR'S RESULTS**

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





**Auditor of State  
Betty Montgomery**

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**A.D.A.M.H. BOARD OF ATHENS, HOCKING AND VINTON COUNTIES**

**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  
JUNE 15, 2004**