



**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**

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:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statement due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presented are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

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Betty Montgomery
Auditor of State

June 22, 2005

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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, 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP require the Board to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statement presents for 2004, the revisions require presenting entity-wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Board does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Board has elected not to reformat its statement. Since the Board does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reflected are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2004, does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties, Athens County, Ohio, as of December 31, 2004, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Board to include Management's Discussion and Analysis for the year ended December 31, 2004. The Board has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report June 22, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing 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.



Betty Montgomery
Auditor of State

June 22, 2005

**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, 2004**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local taxes	\$ 2,084,453	\$	\$	\$	\$ 2,084,453
Intergovernmental	11,057,358	17,739			11,075,097
Interest Income				626	626
Rent		9,067			9,067
Miscellaneous	10,868	5,122			15,990
Total Cash Receipts	13,152,679	31,928	0	626	13,185,233
Cash Disbursements:					
Current:					
Salaries	591,383				591,383
Supplies and Materials	6,245				6,245
Equipment	5,716				5,716
Contract Services	11,910,467	5,498		21,251	11,937,216
Capital Outlay		6,156			6,156
Travel and Expenses	17,982				17,982
Insurance		258			258
Public Employees Retirement	79,635				79,635
Workers' Compensation	15,460				15,460
Maintenance and Repairs		2,675			2,675
Utilities		4,758			4,758
Debt Service:					
Principal Payments		5,156	154		5,310
Interest Payments		928	4		932
Auditor and Treasurer Fees	56,941				56,941
Other Expenses	282,230				282,230
Total Cash Disbursements	12,966,059	25,429	158	21,251	13,012,897
Total Cash Receipts Over/(Under)					
Cash Disbursements	186,620	6,499	(158)	(20,625)	172,336
Fund Cash Balances, January 1 (as restated, see Note 10)	1,256,151	32,590	158	172,346	1,461,245
Fund Cash Balances, December 31	\$ 1,442,771	\$ 39,089	\$ 0	\$ 151,721	\$ 1,633,581
Reserve for Encumbrances, December 31	\$ 819,876	\$ 179	\$ 0	\$ 0	\$ 820,055

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, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Alcohol, Drug Addiction and Mental Health Services Board of Athens, Hocking and Vinton Counties, Athens County (the Board), as a body corporate and politic. An eighteen-member Board is the governing body. 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 Board. Private and public agencies are the primary service providers, through Board contracts.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Board receipts are recognized when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash

As Ohio law requires, the Athens County Treasurer is custodian for the Board's cash. The County's cash and investment pool holds the Board's cash, valued at the County Treasurer's 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 accounts 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, 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or capital projects) 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 accumulates resources for paying 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 accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through trust funds). 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 the Board to budget each fund.

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, 2004
(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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2004 budgetary activity appears in Note 2.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2004, follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 13,514,732	\$ 13,152,679	\$ (362,053)
Special Revenue	10,000	31,928	21,928
Debt Service	0	0	0
Capital Projects	0	626	626
Total	\$ 13,524,732	\$ 13,185,233	\$ (339,499)

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 14,231,379	\$ 13,785,935	\$ 445,444
Special Revenue	10,000	25,608	(15,608)
Debt Service	158	158	0
Capital Projects	172,347	21,251	151,096
Total	\$ 14,413,884	\$ 13,832,952	\$ 580,932

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statement includes homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the various Counties by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within 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, 2004 was as follows:

	Principal	Interest Rate
General Obligation Note	\$ 33,817	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 notes are 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, 2004
(Continued)**

4. DEBT (Continued)

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

Year Ending December 31	General Obligation Note
2005	\$ 6,243
2006	6,243
2007	6,243
2008	6,243
2009	6,243
2010	5,201
Total	\$ 36,416

5. RETIREMENT SYSTEM

The Board's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004, OPERS members contributed 8.5 percent of their gross salaries. The Board contributed an amount equal to 13.55 percent of participants' gross salaries. The Board has paid all contributions required through December 31, 2004.

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, 2004
(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, 2004 (ceilings less payments), are as follows:

Tri-County Mental Health and Counseling	\$ 1,071,670
Health Recovery Services, Inc.	906,843
My Sister's Place	82,924
The Gathering Place	65,673
Vinton County Senior Citizens	18,743
Hospice of Appalachia	4,239
Athens Photo Project	29,360
NAMI - Athens	11,277
Dependent and Manic Depressive Association	2,202
Shepherd's House	1,221
Scenic Hills	4,403
United Seniors	<u>1,013</u>
Total	<u><u>\$ 2,199,568</u></u>

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Board are subject to audit and adjustment. Grantors may require the Board to refund any disallowed costs. Management cannot presently determine amounts which may be disallowed. However, based on prior experience, management believes any refunds would be immaterial.

10. FUND BALANCE RESTATEMENT

The Special Revenue Fund cash balance at January 1, 2004 was increased \$938 because of an error found by the auditor of the Athens Metropolitan Housing Authority (MHA) and because of posting errors at MHA during 2003. The MHA contracts with the Board to manage a five-unit apartment complex known as the SAMI Project. The details of the adjustment are as follows:

December 31, 2003 Special Revenue Fund Balance	\$ 31,652
MHA posting/audit errors	<u>938</u>
January 1, 2004 Special Revenue Fund Balance	<u><u>\$ 32,590</u></u>

**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, 2004**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Pass-Through Athens Metropolitan Housing Authority:</i>			
Shelter Plus Care	14.238	N/A	\$ 14,859
<i>Pass-Through Hocking County Metropolitan Housing Authority:</i>			
Section 8 Housing Choice Vouchers	14.871	N/A	1,452
<i>Pass-Through Vinton County Metropolitan Housing Authority:</i>			
Section 8 Housing Choice Vouchers	14.871	N/A	1,428
Total Section 8 Housing Choice Vouchers			<u>2,880</u>
Total United States Department of Housing and Urban Development			17,739
UNITED STATES DEPARTMENT OF JUSTICE			
<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>48,011</u>
Total United States Department of Justice			48,011
UNITED STATES DEPARTMENT OF EDUCATION			
<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>77,000</u>
Total United States Department of Education			77,000
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<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	50,975
Block Grants for the Prevention and Treatment of Substance Abuse Drug and Alcohol Abuse Womens Set Aside T.E.A.M. Athens County TASC Drug Free Work Place	93.959	N/A	323,701 622,284 38,574 426,488 <u>22,917</u>
Total Block Grants for the Prevention and Treatment of Substance Abuse			1,433,964
Medical Assistance Program	93.778	N/A	649,959
<i>Pass-Through State Department of Mental Health:</i>			
Social Services Block Grant	93.667	N/A	114,746
Medical Assistance Program	93.778	N/A	3,783,911
Block Grants for Community Mental Health Services Community Plan COAC Children and Adolescent	93.958	N/A	38,669 <u>28,093</u>
Total Block Grants for Community Mental Health Services			<u>66,762</u>
Total United States Department of Health and Human Services			<u>6,100,317</u>
Total Federal Awards Expenditures			<u>\$ 6,243,067</u>

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, 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Board's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – 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 agencies. As described in Note A, 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.

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require that the Board contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE D – MEDICAL ASSISTANCE PROGRAM

Expenditures related to the Medical Assistance Program (CFDA #93.778) were supported by revenues from two pass-through agencies, the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services. Total expenditures under this program were \$4,433,870.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Alcohol, Drug Addiction and Mental Health Services Board
of 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, 2004, and have issued our report thereon dated June 22, 2005, wherein we noted the Board followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statement and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 misstatements caused by error or fraud in amounts material to the financial statement we audited may occur and not be timely detected by employees when 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. In a separate letter to the Board's management dated June 22, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 that we must report under *Government Auditing Standards*. In a separate letter to the Board's management dated June 22, 2005, we reported a matter related to noncompliance we deemed immaterial.

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Alcohol, Drug Addiction and Mental Health Services Board
of Athens, Hocking and Vinton Counties
Athens County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
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. It is not intended for 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

June 22, 2005



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, 2004. The Summary of Auditor's Results Section of the accompanying Schedule of Findings identifies the Board's major federal program. The Board's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its major federal program. 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, 2004.

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

June 22, 2005

**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, 2004**

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):	Medical Assistance Program CFDA #93.778
<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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800-282-0370
Facsimile 614-466-4490

**A.D.A.M.H.S 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
AUGUST 4, 2005**