



Dave Yost • Auditor of State



**GALLIA-JACKSON-MEIGS BOARD OF ALCOHOL, DRUG ADDICTION,  
AND MENTAL HEALTH SERVICES  
GALLIA COUNTY  
DECEMBER 31, 2015**

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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 cash-basis 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, 2015, 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, 2015, 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. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Other Information*

We applied no procedures to Management's Discussion & Analysis, as listed in the Table of Contents. Accordingly, 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 December 6, 2016, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 6, 2016

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

Management's Discussion and Analysis  
For the Year Ended December 31, 2015  
Unaudited

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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, 2015, 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 2015 are as follows:

- Net position decreased \$160,291.
- General receipts accounted for \$42,289 in receipts or 2.25 percent of all receipts. Program specific receipts in the form of operating grants and contributions accounted for \$1,839,494 or 97.75 percent of total receipts of \$1,881,783.
- The Board had \$2,042,074 in disbursements related to governmental activities; these disbursements were offset by program specific operating grants and contributions. General receipts of \$42,289 plus the cash balance from December 31, 2014 of \$1,073,982 were adequate to provide for these programs.

**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 Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services 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 2015?" 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 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.

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.

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

Management's Discussion and Analysis  
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Unaudited

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**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 2015 and compared to 2014.



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

Management's Discussion and Analysis  
For the Year Ended December 31, 2015  
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**Table 1  
Net Position**

	<b>Governmental Activities</b>	
	2015	2014
<b>Assets</b>		
Cash on deposit with Gallia County	\$ 913,691	\$ 1,073,982
<b>Net Position</b>		
Restricted	\$ 96,424	\$ 55,170
Unrestricted	\$ 817,267	\$ 1,018,812
<b>Total net position</b>	<b>\$ 913,691</b>	<b>\$ 1,073,982</b>

Total assets decreased \$160,291. The decrease is due primarily to a decrease in revenues from grants that are passed on to the agencies and timing of receipt of monies from the state.

Table 2 shows the changes in net assets for the year ended December 31, 2015 and comparison to 2014.

In 2015, 35.76 percent of the Board's total receipts were from Federal Funds, 61.99 percent were from State and other grant sources and 2.25 percent was miscellaneous receipts. Program cash receipts accounted for 97.75 percent of the Board's total receipts in year 2015. These receipts consist primarily of operating grants.

**Table 2  
Changes in Net Position**

	<b>Governmental Activities</b>	
	2015	2014
<b>Receipts</b>		
<i>Program Cash Receipts</i>		
Operating Grants and Contributions	\$ 1,839,494	\$ 2,117,568
<b>Total Program Cash Receipts</b>	<b>1,839,494</b>	<b>2,117,568</b>
<i>General Receipts</i>		
Other Receipts	42,289	41,200
<b>Total General Cash Receipts</b>	<b>42,289</b>	<b>41,200</b>
<b>Total Cash Receipts</b>	<b>1,881,783</b>	<b>2,158,768</b>
<b>Disbursements</b>		
<i>Current</i>		
Alcohol, Drug Addiction and Mental Health Services	2,042,074	1,999,485
<b>Total Disbursements</b>	<b>2,042,074</b>	<b>1,999,485</b>
<b>Change in Net position</b>	<b>(160,291)</b>	<b>159,283</b>
<b>Net Position, January 1, as restated</b>	<b>1,073,982</b>	<b>914,699</b>
<b>Net Position, December 31</b>	<b>\$ 913,691</b>	<b>\$ 1,073,982</b>

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

Management's Discussion and Analysis  
For the Year Ended December 31, 2015  
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Contract services make up the vast majority of disbursements for the Board comprising 68.84% of total disbursements. Salaries and benefits comprise 26.16% 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**

	<b>Total Cost of Services 2015</b>	<b>Total Cost of Services 2014</b>	<b>Net Cost of Services 2015</b>	<b>Net Cost of Services 2014</b>
Alcohol, Drug Addiction and Mental Health Services:				
Salaries	\$ 377,910	\$ 395,207	\$ 377,910	\$ 395,207
Supplies	3,023	2,751	3,023	2,751
Equipment	3,539	7,088	3,539	7,088
Contracts – Repairs	5,362	5,102	5,362	5,102
Contracts – Services	1,405,803	1,319,471	(433,691)	(798,097)
Travel and Expenses	16,530	19,347	16,530	19,347
Public Employees Retirement	67,342	69,535	67,342	69,535
Unemployment Compensation	7,680	7,543	7,380	7,543
Medicare	5,480	5,731	5,480	5,731
Unemployment Compensation		4,914		4,914
Hospitalization	75,724	93,482	75,724	93,482
Other Expenses	73,681	69,314	73,681	69,314
<b>Total Disbursements</b>	<b>\$ 2,042,074</b>	<b>\$ 1,999,485</b>	<b>\$ 202,580</b>	<b>\$ 118,083</b>

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 \$1,881,783 and disbursements of \$2,042,074. The financial statements had a decrease in the cash balance of \$160,291 from the 2015 year-end cash balance. This decrease is mainly due to an increase in expenditures as well as a decrease in revenues from grants that are passed on to the agencies.

**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, 2015  
Unaudited

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During the course of 2015, 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 \$1,706,801, \$344,510 below original estimate of \$2,051,311. In addition, budget basis expenditures were \$1,958,902, \$60,544 below original estimates of \$2,019,446. 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 decreased slightly. The decrease was due to a decrease in grants that are passed through to the contract agencies. The Board contracts with four provider agencies to deliver mental health and substance abuse services to the residents of Gallia, Jackson and Meigs Counties.

The Board will be challenged to maintain the current level of services and programs due to a stagnant 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, 2015*

	Governmental Activities
<b>Assets</b>	
Cash on deposit with Gallia County Auditor	\$ 913,691
<i>Total Assets</i>	<b>\$ 913,691</b>
 <b>Net Position</b>	
Restricted for:	
Other Purposes	96,424
Unrestricted	817,267
<i>Total Net Position</i>	<b>\$ 913,691</b>

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 ending December 31, 2015*

	<b>Cash Disbursements</b>	<b>Program Cash Receipts  Operating Grants and Contributions</b>	<b>Net (Disbursements) and Changes in Net Assets  Governmental Activities</b>
Governmental Activities:			
Alcohol, Drug Addiction and Mental Health Services:			
Salaries	\$ 377,910		\$ (377,910)
Supplies	3,023		(3,023)
Equipment	3,539		(3,539)
Contracts - Repairs	5,362		(5,362)
Contracts - Services	1,405,803	1,839,494	433,691
Travel and Expenses	16,530		(16,530)
Public Employees Retirement	67,342		(67,342)
Workers Compensation	7,680		(7,680)
Medicare	5,480		(5,480)
Unemployment Compensation	-		-
Hospitalization (Health Insurance)	75,724		(75,724)
Other Expenses	73,681		(73,681)
	<b>\$ 2,042,074</b>	<b>\$ 1,839,494</b>	<b>(202,580)</b>
Total Governmental Activities			
<b>General Receipts:</b>			
Other Receipts			42,289
Total General Receipts			42,289
Changes in Net Position			(160,291)
Net Position Beginning of Year			1,073,982
Net Position End of Year			\$ 913,691

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, 2015*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash on deposit with Gallia County	\$ 817,267	\$ 96,424	\$ 913,691
Total Assets	817,267	96,424	913,691
<b>Fund Balances</b>			
Restricted for Family and Children First		96,424	96,424
Assigned	556,039		556,039
Unassigned	261,228		261,228
Total Fund Balances	\$ 817,267	\$ 96,424	\$ 913,691

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 Year Ending December 31, 2015*

	General	Other Governmental Funds	Total Governmental Funds
<b>RECEIPTS</b>			
Grants	\$ 1,664,512	\$ 167,982	\$ 1,832,494
Other Receipts	42,289	7,000	49,289
Total Receipts	<u>1,706,801</u>	<u>174,982</u>	<u>1,881,783</u>
<b>DISBURSEMENTS</b>			
Current:			
Salaries	345,386	32,524	377,910
Supplies	2,548	475	3,023
Equipment	3,539	-	3,539
Contracts - Repairs	5,362	-	5,362
Contracts - Services	1,327,597	78,206	1,405,803
Travel and Expenses	12,769	3,761	16,530
Public Employee's Retirement	62,789	4,553	67,342
Workers Compensation	6,740	940	7,680
Medicare	5,014	466	5,480
Unemployment Compensation	-	-	-
Hospitalization (Health Insurance)	75,724	-	75,724
Other Expenses	<u>60,878</u>	<u>12,803</u>	<u>73,681</u>
Total Disbursements	<u>1,908,346</u>	<u>133,728</u>	<u>2,042,074</u>
Excess of Cash Receipts over (under) Disbursements	(201,545)	41,254	(160,291)
Fund Balance Beginning of Year	<u>1,018,812</u>	<u>55,170</u>	<u>1,073,982</u>
Fund Balance End of Year	<u>\$ 817,267</u>	<u>\$ 96,424</u>	<u>\$ 913,691</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, 2015*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>RECEIPTS</b>				
Grants	\$ 2,051,311	\$ 1,706,801	\$ 1,664,512	\$ 42,289
Miscellaneous	-	-	42,289	(42,289)
Total Receipts	2,051,311	1,706,801	1,706,801	-
<b>DISBURSEMENTS</b>				
Current:				
Salaries	340,536	346,086	345,386	700
Supplies	3,025	3,025	2,548	477
Equipment	15,000	15,000	3,539	11,461
Contracts - Repairs	12,000	12,000	5,362	6,638
Contracts - Services	1,372,903	1,431,567	1,374,935	56,632
Travel and Expenses	18,275	18,044	14,145	3,899
Public Employee's Retirement	62,823	62,790	62,789	1
Workers Compensation	8,729	8,738	6,741	1,997
Medicare	4,938	5,090	5,014	76
Hospitalization (Health Insurance)	95,739	89,787	75,724	14,063
Other Expenses	85,478	86,309	62,719	23,590
Total Disbursements	2,019,446	2,078,436	1,958,902	119,534
Excess Receipts over (under) Disbursements	31,865	(371,635)	(252,101)	119,534
Fund Balance Beginning of Year	1,000,175	1,000,175	1,000,175	-
Prior Year Encumbrances Appropriated	18,627	18,627	18,627	-
Fund Balance End of Year	\$ 1,050,667	\$ 647,167	\$ 766,701	\$ 119,534

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, 2015**

**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 fourteen-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, 2015  
(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 assets 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, 2015  
(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:

**A. 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, 2015  
(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	\$ 766,701
Encumbrances	50,566
Fund Cash Balance	\$ 817,267

**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. 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 places 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, 2015  
(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 obligation 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.

If the Board has any Unassigned funds they are the last funds to be used to pay for an expenditure.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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

**I. Fund Balance**

As of December 31, 2015, fund balances were composed of the following:

	General	Other Governmental Funds
Restricted Funds		\$ 96,424
Assigned	\$ 556,039	
Unassigned Funds	\$ 261,228	
<b>Total Fund Balances</b>	<b>\$ 817,267</b>	<b>\$ 96,424</b>

**2. DEFINED BENEFIT PENSION PLANS**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – Board employees, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Board employees) may elect the member-directed plan and the combined plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. DEFINED BENEFIT PENSION PLANS (Continued)**

***Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)***

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. DEFINED BENEFIT PENSION PLANS (Continued)**

***Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)***

	State and Local		
<b>2015 Statutory Maximum Contribution Rates</b>			
Employer	14.0	%	
Employee	10.0	%	
<b>2015 Actual Contribution Rates</b>			
Employer:			
Pension	12.0	%	
Post-employment Health Care Benefits	2.0		
<b>Total Employer</b>	<b>14.0</b>	<b>%</b>	
Employee	10.0	%	

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Board's contractually required contribution was \$52,907 for year 2015.

**3. POST EMPLOYMENT BENEFITS**

***Ohio Public Employees Retirement System***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**3. POST EMPLOYMENT BENEFITS (Continued)**

***Ohio Public Employees Retirement System (Continued)***

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml> by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

Substantially all of the Board's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014, and 2013 was \$7,558, \$7,904, and \$4,089, respectively. The full amount has been contributed for 2015, 2014 and 2013.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Board has obtained commercial insurance for the following risks:

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

**5. 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.

**6. ENCUMBERANCE COMMITMENTS**

At December 31, 2015, the board had encumbrance commitments in the Governmental Funds as follows:

General Fund	\$ 56,039
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# Dave Yost • Auditor of State

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

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 cash-basis 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, 2015, and the related notes to the financial statements, which collectively comprise the Board's cash-basis financial statements and have issued our report thereon dated December 6, 2016, wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles.

### ***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.

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

December 6, 2016



# Dave Yost • Auditor of State

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

**GALLIA 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  
DECEMBER 20, 2016**