



Mary Taylor, CPA
Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets - Cash Basis.....	9
Statement of Activities - Cash Basis.....	10
Statement of Cash Basis Assets and Fund Balances - Governmental Funds.....	11
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Governmental Funds.....	12
Statement of Receipts, Disbursements, and Changes in Cash Basis Fund Balances - Budget and Actual (Budget Basis) - General Fund.....	13
Notes to the Basic Financial Statements.....	15
Schedule of Federal Awards Expenditures.....	21
Notes to the Schedule of Federal Awards Expenditures.....	22
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	25
Schedule of Findings - OMB Circular A-133 § .505.....	27

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction, and Mental Health Services, Gallia County, Ohio (the Board), as of and for the year ended December 31, 2009, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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, 2009, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2010, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Board's basic financial statements. The Schedule of Federal Awards Expenditures is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organization*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 20, 2010

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

Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

The discussion and analysis of the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services' (the Board) financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2009, 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 2009 are as follows:

- Net assets increased \$244,783.
- General receipts accounted for \$65,808 in receipts or 0.9 percent of all receipts. Program specific receipts in the form of operating grants and contributions accounted for \$7,304,014 or 99.1 percent of total receipts of \$7,369,822.
- The Board had \$7,125,039 in disbursements related to governmental activities; all of these disbursements were offset by program specific operating grants and contributions. General receipts of \$65,808 plus the cash balance from December 31, 2008 of \$1,158,201 were adequate to provide for these programs.
- The Board's major fund had \$1,379,461 in available cash and \$7,049,382 in receipts, \$6,742,833 in disbursements and \$533,212 in encumbrances. The net asset balance at year-end equaled \$1,379,461.

Using this Annual Financial Report

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

The Statement of Net Assets – 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 Assets – 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 2009?" The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer this question. These two statements report the Board's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished on a cash basis. The causes of this change may be the result of many factors, some financial, some not.

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

Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

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

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

Reporting the Board's Fund Financial Statements

Fund Financial Statements

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

Fund financial statements provide detailed information about the Board's major fund – not the Board as a whole. The Board establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used and is being spent for the intended purpose. All of the Board's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Board's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Board's programs. The Board's significant governmental fund is presented on the financial statements in a separate column. The information for nonmajor 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 basic 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 Assets provides the perspective of the Board as a whole. Table 1 provides a summary of the Board's net assets for 2009 and compared to 2008.

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

Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

**Table 1
Net Assets**

	Governmental Activities	
	2009	2008
Assets		
Cash on deposit with Gallia County	\$ 1,402,984	\$ 1,158,201
Net Assets		
Restricted for:		
Other Purposes	23,523	0
Unrestricted	1,379,461	1,158,201
Total Net Assets	\$ 1,402,984	\$ 1,158,201

Total assets increased \$244,783. The increase is due primarily to a decrease in revenues of 6.3 percent and a decrease in disbursements of 6.9 percent.

Table 2 shows the changes in net assets for the year ended December 31, 2009 and comparison to 2008.

In 2009, 55.2 percent of the Board's total receipts were from Federal Funds, 43.9 percent were from State and other grant sources and .9 percent were miscellaneous receipts. Program cash receipts accounted for 99.1 percent of the Board's total receipts in year 2009. These receipts consist primarily of Medicaid and its matching funds, and federal operating grants.

**Table 2
Changes in Net Assets**

	Governmental Activities	
	2009	2008
Receipts		
<i>Program Cash Receipts</i>		
Operating Grants and Contributions	\$ 7,304,014	\$ 7,864,890
Total Program Cash Receipts	7,304,014	7,864,890
<i>General Receipts</i>		
Other Receipts	65,808	1,082
Total General Cash Receipts	65,808	1,082
Total Cash Receipts	7,369,822	7,865,972
Disbursements		
<i>Current</i>		
Alcohol, Drug Addiction and Mental Health Services	7,125,039	7,657,260
Total Disbursements	7,125,039	7,657,260
Change in Net Assets	244,783	208,712
Net Assets, January 1, as restated	1,158,201	949,489
Net Assets, December 31	\$ 1,402,984	\$ 1,158,201

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

Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Contract services make up the vast majority of disbursements for the Board comprising 89.8% of total disbursements. Salaries and benefits comprise 8.6% of the total disbursements and other types of disbursements make up the remaining portion of disbursements.

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

**Table 3
Governmental Activities**

	Total Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2009	Net Cost of Services 2008
Alcohol, Drug Addiction and Mental Health Services:				
Salaries	\$ 432,522	\$ 413,353	\$ 432,522	\$ 413,353
Supplies	2,052	2,297	2,052	2,297
Equipment	12,074	1,336	12,074	1,336
Contracts – Repairs	7,410	10,901	7,410	10,901
Contracts – Services	6,399,247	6,967,813	(904,767)	(897,077)
Travel and Expenses	15,260	18,385	15,260	18,385
Public Employees Retirement	67,614	67,644	67,614	67,644
Unemployment Compensation	8,574	10,412	8,574	10,412
Medicare	6,272	5,994	6,272	5,994
Hospitalization	100,937	94,735	100,937	94,735
Other Expenses	73,077	64,390	73,077	64,390
Total Disbursements	\$ 7,125,039	\$ 7,657,260	\$ (178,975)	\$ (207,630)

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 \$7,369,822 and disbursements of \$7,125,039. The financial statements had an increase in the cash balance of \$244,783 from the 2008 year-end cash balance. This decrease is mainly due to an increase in expenditures.

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.

During the course of 2009, 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 \$7,049,382, \$362,621 above original estimates of \$6,686,761. In addition, budget basis expenditures were \$7,276,045, \$268,843 above original estimates of \$7,007,202. 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.

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

Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Economic Factors

The receipts of the Board remain mainly stagnant. The increase was due to an increase in Medicaid services. The Board contracts with four provider agencies to deliver mental health and substance abuse services to the residents of Gallia, Jackson and Meigs Counties. However, the Board must pay for Medicaid services provided to Gallia, Jackson and Meigs County citizens by any qualified provider throughout Ohio. These costs have been increasing.

The Board will be challenged to maintain the current level of services and programs due to a 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 ASSETS - CASH BASIS
DECEMBER 31, 2009**

	<u>Governmental Activities</u>
Assets	
Cash on deposit with Gallia County Auditor	<u>\$1,402,984</u>
<i>Total Assets</i>	<u><u>\$1,402,984</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$23,523
Unrestricted	<u>1,379,461</u>
<i>Total Net Assets</i>	<u><u>\$1,402,984</u></u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) and Changes in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:			
Salaries	\$432,522		(\$432,522)
Supplies	2,052		(2,052)
Equipment	12,074		(12,074)
Contracts - Repairs	7,410		(7,410)
Contracts - Services	6,399,247	\$7,304,014	904,767
Travel and Expenses	15,260		(15,260)
Public Employees Retirement	67,614		(67,614)
Unemployment Compensations	8,574		(8,574)
Medicare	6,272		(6,272)
Hospitalization (Health Insurance)	100,937		(100,937)
Other Expenses	73,077		(73,077)
<i>Total Governmental Activities</i>	<u>\$7,125,039</u>	<u>\$7,304,014</u>	<u>178,975</u>
General Receipts:			
Other Receipts			<u>65,808</u>
<i>Total General Receipts</i>			65,808
<i>Changes in Net Assets</i>			244,783
<i>Net Assets Beginning of Year</i>			<u>1,158,201</u>
<i>Net Assets End of Year</i>			<u>\$1,402,984</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 CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash on Deposit with Gallia County	\$1,379,461	\$23,523	\$1,402,984
<i>Total Assets</i>	<u>\$1,379,461</u>	<u>\$23,523</u>	<u>\$1,402,984</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$533,212		\$533,212
Unreserved:			
Undesignated, Reported in:			
General Fund	846,249		846,249
Special Revenue Funds Fund		\$23,523	23,523
<i>Total Fund Balances</i>	<u>\$1,379,461</u>	<u>\$23,523</u>	<u>\$1,402,984</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 CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General	Other Governmental Funds	Total Governmental Funds
Cash Receipts			
Grants	\$6,981,693	\$320,440	\$7,302,133
Other Receipts	67,689	0	67,689
Total Cash Receipts	<u>7,049,382</u>	<u>320,440</u>	<u>7,369,822</u>
Cash Disbursements			
Current:			
Salaries	397,744	34,778	432,522
Supplies	2,047	5	2,052
Equipment	12,074	0	12,074
Contracts - Repairs	7,410	0	7,410
Contracts - Services	6,075,709	323,538	6,399,247
Travel and Expenses	12,049	3,211	15,260
Public Employee's Retirement	62,745	4,869	67,614
Unemployment Compensation	7,671	903	8,574
Medicare	5,768	504	6,272
Hospitalization (Health Insurance)	95,236	5,701	100,937
Other Expenses	64,380	8,697	73,077
Total Cash Disbursements	<u>6,742,833</u>	<u>382,206</u>	<u>7,125,039</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	306,549	(61,766)	244,783
Fund Balance Beginning of Year (Restated - See Note 7)	<u>1,072,912</u>	<u>85,289</u>	<u>1,158,201</u>
Fund Balance End of Year	<u>\$1,379,461</u>	<u>\$23,523</u>	<u>\$1,402,984</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 CASH BASIS FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Grants	\$6,618,361	\$6,981,693	\$6,981,693	\$0
Miscellaneous	68,400	67,689	67,689	0
<i>Total Receipts</i>	<u>6,686,761</u>	<u>7,049,382</u>	<u>7,049,382</u>	<u>0</u>
DISBURSEMENTS				
Current:				
Salaries	435,956	397,744	397,744	0
Supplies	3,000	2,047	2,047	0
Equipment	20,000	12,074	12,074	0
Contracts - Repairs	15,000	7,410	7,410	0
Contracts - Services	6,241,652	6,608,921	6,608,921	0
Travel and Expenses	20,000	12,049	12,049	0
Public Employee's Retirement	73,767	62,745	62,745	0
Unemployment Compensation	11,553	7,671	7,671	0
Medicare	6,539	5,768	5,768	0
Hospitalization (Health Insurance)	94,735	95,236	95,236	0
Other Expenses	85,000	64,380	64,380	0
<i>Total Disbursements</i>	<u>7,007,202</u>	<u>7,276,045</u>	<u>7,276,045</u>	<u>0</u>
<i>Excess Receipts over (under) Disbursements</i>	<u>(320,441)</u>	<u>(226,663)</u>	<u>(226,663)</u>	<u>0</u>
<i>Fund Balance Beginning of Year (Restated - See Note 7)</i>	753,835	753,835	753,835	0
<i>Encumbered Funds Returned</i>	0	1,485	1,485	0
<i>Prior Year Encumbrances Appropriated</i>	<u>319,077</u>	<u>317,592</u>	<u>317,592</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$752,471</u></u>	<u><u>\$846,249</u></u>	<u><u>\$846,249</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services, Gallia County (the Board), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is directed by an eighteen-member Board. Board members are appointed by the Board's Director and the legislative authorities as well as citizens of the Board. Those subdivisions are Gallia, Jackson, and Meigs Counties. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. These services are provided primarily through contracts with private and public agencies. The Board is associated with the Southern Consortium for Children, which is defined as a jointly governed organization that ceased operations as of October 31, 2009. This organization is described in Note 6.

The Board serves as the Administrative Agent for the Gallia County 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, 2009
(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 assets 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 assets 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, 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

GOVERNMENTAL FUNDS:

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

General Fund

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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	\$ 846,249
Encumbrances	533,212
Fund Cash Balance	\$ 1,379,461

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.

2. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional pension plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

2. DEFINED BENEFIT PENSION PLANS (Continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. The 2009 member contribution rate was 10 percent for members in state and local classifications. The 2009 employer contribution rate for state and local employers was 14 percent of covered payroll. Actual employer contributions to fund pension benefits for 2009 were \$67,614.

3. POST EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional pension or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 local government employer contribution rate was 14 percent of covered payroll from January 1 through December 31, 2009, 5.5 percent of covered payroll was the portion that was used to fund health care.

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

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

6. JOINTLY GOVERNED ORGANIZATIONS

The Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services was a member of the Southern Consortium for Children (SCC) in 2009, a regional council of governments authorized by Chapter 167 of the Ohio Revised Code. The SCC served as a program planner, developer and coordinator of services for youth who are severely emotionally disturbed within the members' service area and serves as a program planner, developer and coordinator for behavioral health services for residents of the members' service area. The members included the Alcohol, Drug Addiction and Mental Health Services Boards of Gallia, Jackson and Meigs Counties; Athens, Hocking and Vinton Counties; and Adams, Lawrence and Scioto Counties; and the Washington County Mental Health and Addiction Recovery Board.

The SCC operated under an appointed four-member board, consisting of the Executive Director of each of the above named Alcohol, Drug Addiction and Mental Health Services Boards.

The SCC ceased operations during 2009 because of state funding cuts. The final audited information is through October 31, 2009.

7. RESTATEMENT OF FUND BALANCE

The beginning of the year fund balances were restated due to the discovery of an error in the prior year ending balance. The correction was made to properly report funds of the Family and Children First Council (Other Governmental Funds) rather than the General Fund.

The error resulted in the following restatements:

	Original Balance at December 31, 2008	Increase/ (Decrease)	Restated 2009 Beginning Balance
Other Governmental Fund	\$ 84,560	729	\$ 85,289
General Fund	\$ 1,073,641	(729)	\$ 1,072,912

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Pass-Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Safe and Drug-Free Schools and Communities - State Grants	84.186	N/A	<u>\$141,210</u>
Total United States Department of Education			141,210
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Pass-Through Ohio Department of Mental Health:</i>			
Promoting Safe and Stable Families	93.556	N/A	43,118
Social Services Block Grant	93.667	N/A	87,654
State Childrens Health Insurance Program	93.767	N/A	90,536
Medical Assistance Program	93.778	N/A	1,889,730
ARRA - Medical Assistance Program	93.778	N/A	<u>238,578</u>
Total Medical Assistance Program			2,128,308
Block Grants for Community Mental Health Services Community Plan	93.958	N/A	97,084
<i>Pass-Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
State Childrens Health Insurance Program	93.767	N/A	10,096
Medical Assistance Program	93.778	N/A	458,927
ARRA - Medical Assistance Program	93.778	N/A	<u>53,578</u>
Total Medical Assistance Program			512,505
Block Grants for the Prevention and Treatment of Substance Abuse	93.959	N/A	
Women's Set Aside			25,970
Per Capita			210,762
TASC			305,235
Community Coalition			39,867
Prevention Services			70,225
Youth Led Prevention			3,637
Targeted Treatment Initiatives			<u>19,200</u>
Total Block Grants for the Prevention and Treatment of Substance Abuse			674,896
Total United States Department of Health and Human Services			<u>3,644,197</u>
Total Federal Awards Expenditures			<u>\$ 3,785,407</u>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require the Board to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction, and Mental Health Services, Gallia County, Ohio (the Board), as of and for the year ended December 31, 2009, which collectively comprise the Board's basic financial statements and have issued our report thereon dated May 20, 2010, wherein we noted the Board uses a comprehensive accounting basis other than generally accepted accounting principles. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Board's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Board's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Gallia-Jackson-Meigs Board of Alcohol,
Drug Addiction and Mental Health Services
Gallia County
Independent Accountants' Report on Internal Control Over
Financial Reporting on Compliance and Other Matters
Required by *Government Auditing Standards*

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, 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 or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the Board, management, federal awarding agencies and pass-through entities, and others within the Board. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 20, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Members of the Board:

Compliance

We have audited the compliance of the Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction, and Mental Health Services, Gallia 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 apply to its major federal program for the year ended December 31, 2009. 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 each 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 included in the Comptroller General of the United States' Government Auditing Standards; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We did note a certain matter not requiring inclusion in this report that we reported to the Board's management in a separate letter dated May 20, 2010.

We intend this report solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 20, 2010

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Medical Assistance Program – CFDA #93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

**GALLIA-JACKSON-MEIGS BOARD OF 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
JULY 6, 2010**