



Mary Taylor, CPA
Auditor of State

**MENTAL HEALTH AND RECOVERY BOARD
BELMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets - Cash Basis - December 31, 2009	9
Statement of Activities - Cash Basis - For the Year Ended December 31, 2009.....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Cash Basis Fund Balance - Governmental Fund - December 31, 2009.....	11
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance - Governmental Fund - For the Year Ended December 31, 2009.....	12
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual - (Budget Basis) - Mental Health and Recovery Fund - For the Year Ended December 31, 2009.....	13
Notes to the Basic Financial Statements	15
Federal Awards Expenditures Schedule.....	21
Notes to the Federal Awards Expenditures Schedule	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 Accountant's 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

Mental Health and Recovery Board
Belmont County
99 North Sugar Street
St. Clairsville, Ohio 43950

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Mental Health and Recovery Board, Belmont 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 2, 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 and the major fund of the Mental Health and Recovery Board, Belmont County, Ohio, as of December 31, 2009, and the change in cash financial position and the budgetary comparison for the Mental Health and Recovery Fund thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 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 Federal Awards Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Expenditures Schedule 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 whole.

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

Mary Taylor, CPA
Auditor of State

June 14, 2010

Mental Health and Recovery Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

The discussion and analysis of the Mental Health and Recovery Board's (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. Readers should also review the basic financial statements and notes to enhance their understanding of the Board's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- Net assets of governmental activities decreased \$89,264 or 3.8 percent.
- The Board's general receipts accounted for \$5,246,231 in receipts or 55.2 percent of all receipts, and are primarily property taxes and unrestricted grants and entitlements. Program specific receipts in the form of operating grants and contributions accounted for \$4,251,841 or 44.8 percent of total receipts of \$9,498,072.
- The Board had \$9,587,336 in disbursements related to governmental activities; only \$4,251,841 of these disbursements was offset by program specific operating grants and contributions. General receipts of \$5,246,231 were inadequate to provide for these programs.
- The Board's major fund had \$9,498,072 in receipts and \$9,587,336 in disbursements. The cash fund balance decreased \$89,264.

Using the Basic Financial Statement

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Board's cash basis of accounting.

Report Components

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the cash activities of the Board as a whole.

Fund financial statements provide a greater level of detail. A fund was created and maintained on the financial records of the Board. These statements present financial information by 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 revenues (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.

Mental Health and Recovery Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Reporting the Board as a Whole

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis reflect how the Board did financially during 2009, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balance of the governmental activities of the Board at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for the governmental program. Program receipts include operating grants and contributions restricted to meeting the operational requirements of the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Board's general receipts.

These statements report the Board's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Board's financial health. Over time, increases or decreases in the Board's cash position are indicators of whether the Board's financial health is improving or deteriorating. When evaluating the Board's financial condition, you should also consider other non-financial factors as well, such as the Board's property tax base, the population base, the extent of the Board's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Board's activities consist of:

Governmental activities. The Board's mental health and dependency rehabilitation program services are reported here. State and federal grants and income from property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid by the people receiving them.

Reporting the Board's Fund

Fund financial statements provide detailed information about the Board's major fund – not the Board as a whole. The Board established the Mental Health and Recovery Fund to manage its activities and to help demonstrate that restricted money is being spent for the intended purpose. The fund of the Board is governmental.

Governmental Fund - The Board's activities are reported in a governmental fund. The governmental fund financial statements provide a detailed view of the Board's governmental operations and the basic service it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Board's program. The Board's only major governmental fund is the Mental Health and Recovery Fund. The program reported in the governmental fund is closely related to those reported in the governmental activities sections of the entity-wide statements.

Mental Health and Recovery Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

The Board as a Whole

Table 1 provides a summary of the Board's net assets for 2009 compared to 2008 on a cash basis:

Table 1
Net Assets – Cash Basis

	Governmental Activities	
	2009	2008
Cash Basis Assets		
Cash and Cash Equivalents	\$2,284,388	\$2,373,652
Net Assets		
Unrestricted	2,284,388	2,373,652
Total Net Assets	\$2,284,388	\$2,373,652

As mentioned previously, net assets of governmental activities decreased \$89,264 or 3.8 percent during 2009. The primary reason contributing to the slight decrease in the cash balance is the Board's commitment of maintaining services to the community through use of the fund balance. The Board's revenue comes primarily from its two major fund providers, the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services. In both fiscal years 2009 and 2010, allocations from both departments were decreased, but the Board offset the effects of this decrease by using a portion of its fund balance.

Mental Health and Recovery Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for governmental activities:

Table 2
Changes in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
Receipts:		
Program Cash Receipts		
Operating Grants and Contributions	\$4,251,841	\$3,757,913
Total Program Cash Receipts	4,251,841	3,757,913
General Receipts		
Property Taxes Levied for General Purposes	971,154	1,003,571
Entitlements – Unrestricted	4,240,486	3,679,942
Other Receipts	34,591	50,523
Total General Receipts	5,246,231	4,734,036
Total Receipts	9,498,072	8,491,949
Disbursements:		
Mental Health and Dependency Rehabilitation:		
Salaries	278,683	274,330
Supplies	5,402	5,236
Equipment	10,189	6,748
Contracts – Repairs	8,320	9,335
Contracts – Services	9,140,261	8,794,860
Travel and Expenses	12,333	11,990
Public Employee's Retirement	37,882	38,260
Worker's Compensation	6,813	6,763
Medicare	3,064	3,014
Other Expenses	84,389	110,789
Total Disbursements	9,587,336	9,261,325
Change in Net Assets	(89,264)	(769,376)
<i>Net Assets, January 1, 2009</i>	<i>2,373,652</i>	<i>3,143,028</i>
Net Assets, December 31, 2009	\$2,284,388	\$2,373,652

Program receipts represent 44.8 percent of total receipts and are primarily comprised of restricted operating grants and contributions.

General receipts represent 55.2 percent of the Board's total receipts, and of this amount, 18.5 percent are local taxes. State and federal grants and entitlements make up the majority of the Board's general receipts (80.8 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for the Mental Health and Dependency Rehabilitation program represent the overhead costs of running the Board and the contract services provided for the Board activities by not-for-profit agencies. The majority of cash disbursements were for contract services accounting for \$9,140,261, or approximately 95.3 percent of total cash disbursements.

Mental Health and Recovery Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Governmental Activities

If you look at the Statement of Activities – Cash Basis, you will see that the first column details the mental health and dependency program services provided by the Board. The next column identifies the costs of providing these services. The major program disbursements for governmental activities were for contract services, which accounted for 95.3 percent of all cash disbursements. The next column on the Statement entitled Program Cash Receipts identifies operating grants and contributions received by the Board that must be used to provide a specific service. The Net (Disbursements) Receipts and Changes in Net Assets column compares the program cash receipts to the cost of the service. This “net cost” amount represents the cost of the program service which must be paid from the general receipts, which consists of property taxes, unrestricted grants and state entitlements, and other receipts. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Mental Health and Dependency Rehabilitation:				
Salaries	\$278,683	\$274,330	\$278,683	\$274,330
Supplies	5,402	5,236	5,402	5,236
Equipment	10,189	6,748	10,189	6,748
Contracts – Repairs	8,320	9,335	8,320	9,335
Contracts – Services	9,140,261	8,794,860	4,888,420	5,036,947
Travel and Expenses	12,333	11,990	12,333	11,990
Public Employee's Retirement	37,882	38,260	37,882	38,260
Worker's Compensation	6,813	6,763	6,813	6,763
Medicare	3,064	3,014	3,064	3,014
Other Expenses	84,389	110,789	84,389	110,789
Total Disbursements	\$9,587,336	\$9,261,325	\$5,335,495	\$5,503,412

The dependence upon property taxes and unrestricted grants and entitlements is apparent as 55.7 percent of governmental activities are supported through these general receipts.

The Board's Fund

The Board's only governmental fund had total receipts of \$9,498,072 and disbursements of \$9,587,336. The fund balance decreased \$89,264, mainly as a result of the Board's commitment to maintaining services to the community through use of the fund balance. The Board's revenue comes primarily from its two major fund providers, the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services. In both fiscal years 2009 and 2010, allocations from both departments were decreased, but the Board offset the effects of this decrease by using a portion of its fund balance.

Mental Health and Recovery Board
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

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 2009, the Board transferred appropriations between accounts, and the budgetary statement reflects both the original and final appropriated amounts. Total appropriations were not amended to include additional monies for expenditure. The revenue budget was not amended.

Current Issues

The Board contracts with five provider agencies to deliver mental health and substance abuse services to the residents of Belmont, Harrison, and Monroe Counties.

The Board is committed to maximizing service delivery to the community while monitoring the use of existing funds to ensure fiscal stability. Currently, system expenditures are exceeding State of Ohio departmental revenues. Without an economic recovery, a reduction to community services is imminent as the Board will be forced to move to a zero-based budget.

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 reflect the Board's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sandra Kelner, Fiscal Officer, at Mental Health and Recovery Board, 99 North Sugar Street, St. Clairsville, Ohio 43950.

Mental Health and Recovery Board
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	<u>\$2,284,388</u>
<i>Total Assets</i>	<u>2,284,388</u>
Net Assets	
Unrestricted	<u>2,284,388</u>
<i>Total Net Assets</i>	<u><u>\$2,284,388</u></u>

Mental Health and Recovery Board
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
Mental Health and Dependency Rehabilitation:			
Salaries	\$278,683		(\$278,683)
Supplies	5,402		(5,402)
Equipment	10,189		(10,189)
Contracts - Repairs	8,320		(8,320)
Contracts - Services	9,140,261	\$4,251,841	(4,888,420)
Travel and Expenses	12,333		(12,333)
Public Employee's Retirement	37,882		(37,882)
Worker's Compensation	6,813		(6,813)
Medicare	3,064		(3,064)
Other Expenses	84,389		(84,389)
<i>Total Governmental Activities</i>	\$9,587,336	\$4,251,841	(\$5,335,495)
 General Receipts			
Property Taxes Levied for General Purposes			971,154
Grants and Entitlements not Restricted to Specific Programs			4,240,486
Other Receipts			34,591
<i>Total General Receipts</i>			5,246,231
Change in Net Assets			(89,264)
<i>Net Assets Beginning of Year</i>			2,373,652
<i>Net Assets End of Year</i>			\$2,284,388

Mental Health and Recovery Board
Statement of Cash Basis Assets and Cash Basis Fund Balance
Governmental Fund
December 31, 2009

	Mental Health and Recovery Fund
Cash Basis Assets	
Cash and Cash Equivalents	\$2,284,388
<i>Total Cash Basis Assets</i>	<u>\$2,284,388</u>
Cash Basis Fund Balance	
Reserved for Encumbrances	\$65,474
Unreserved, Undesignated, Reported in Special Revenue Fund	2,218,914
<i>Total Cash Basis Fund Balance</i>	<u>\$2,284,388</u>

See accompanying notes to the basic financial statements

Mental Health and Recovery Board
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance
Governmental Fund
For the Year Ended December 31, 2009

	Mental Health and Recovery Fund
Receipts	
Taxes	\$971,154
Grants	8,492,327
Other Receipts	34,591
<i>Total Cash Receipts</i>	9,498,072
Disbursements	
Current:	
Salaries	278,683
Supplies	5,402
Equipment	10,189
Contracts - Repairs	8,320
Contracts - Services	9,140,261
Travel and Expenses	12,333
Public Employee's Retirement	37,882
Worker's Compensation	6,813
Medicare	3,064
Other Expenses	84,389
<i>Total Cash Disbursements</i>	9,587,336
<i>Excess of Cash Receipts (Under) Cash Disbursements</i>	(89,264)
<i>Cash Basis Fund Balance Beginning of Year</i>	2,373,652
<i>Cash Basis Fund Balance End of Year</i>	\$2,284,388

Mental Health and Recovery Board
*Statement of Cash Receipts, Cash Disbursements, and Changes
 In Cash Basis Fund Balance - Budget and Actual (Budget Basis)
 Mental Health and Recovery Fund
 For the Year Ended December 31, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property Taxes	\$800,000	\$800,000	\$971,154	\$171,154
Grants	7,125,000	7,125,000	8,492,327	1,367,327
Other Receipts	75,000	75,000	34,591	(40,409)
<i>Total Cash Receipts</i>	<u>8,000,000</u>	<u>8,000,000</u>	<u>9,498,072</u>	<u>1,498,072</u>
Disbursements				
Current:				
Salaries	290,531	290,531	278,683	11,848
Supplies	8,000	8,000	5,452	2,548
Equipment	7,500	11,500	10,189	1,311
Contracts - Repairs	16,000	16,000	9,270	6,730
Contracts - Services	9,300,000	9,300,000	9,203,944	96,056
Advertising and Printing	1,500	1,500	0	1,500
Travel and Expenses	18,000	18,000	12,333	5,667
Public Employee's Retirement	40,674	40,674	37,882	2,792
Worker's Compensation	8,000	8,000	6,813	1,187
Medicare	3,200	3,200	3,064	136
Other Expenses	155,000	151,000	85,180	65,820
<i>Total Cash Disbursements</i>	<u>9,848,405</u>	<u>9,848,405</u>	<u>9,652,810</u>	<u>195,595</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>(1,848,405)</u>	<u>(1,848,405)</u>	<u>(154,738)</u>	<u>1,693,667</u>
<i>Cash Basis Fund Balance Beginning of Year</i>	2,264,652	2,264,652	2,264,652	0
Prior Year Encumbrances Appropriated	<u>109,000</u>	<u>109,000</u>	<u>109,000</u>	<u>0</u>
<i>Cash Basis Fund Balance End of Year</i>	<u>\$525,247</u>	<u>\$525,247</u>	<u>\$2,218,914</u>	<u>\$1,693,667</u>

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Mental Health and Recovery Board
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

Note 1 - Reporting Entity

The Mental Health and Recovery Board, Belmont County (the Board), is a body politic and corporate established to exercise the rights and privileges the constitution and laws of the State of Ohio convey to it.

The Board is directed by an eighteen-member Board. Members shall be residents of the District. The Director of the Ohio Department of Mental Health shall appoint four members, the Director of the Ohio Department of Alcohol and Drug Addiction Services shall appoint four members, and the remaining ten members shall be appointed by the County Commissioners of Belmont, Harrison, and Monroe counties proportionate to population. The Board provides alcohol, drug addiction, and mental health services and programs to citizens of the Board area. These services are provided primarily through contracts with not-for-profit agencies.

A. Primary Government

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.

B. Component Units

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. No separate governmental units meet the criteria for inclusion as a component unit.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C., these financial statements are presented on a cash basis of accounting. 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 Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Board's accounting policies.

A. Basis of Presentation

The Board's basic financial statements consist of government-wide financial statements, including a statement of net assets – cash basis and a statement of activities – cash basis, and fund financial statements which provide a more detailed level of financial information.

The statement of net assets – cash basis and the statement of activities – cash basis displays information about the Board as a whole. These statements include the financial activities of the primary government. The statements distinguish the activities of the Board that are governmental in nature. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets – cash basis presents the cash balance of the governmental activities of the Board at year end. The statement of activities compares disbursements and program receipts for each program or function of the Board's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Board is responsible. The Board reports only one function, Mental Health and Dependency Rehabilitation, with associated objects. Program receipts include grants and contributions that are restricted to meeting the operational requirements of a particular program.

Mental Health and Recovery Board
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Receipts which are not classified as program receipts are presented as general receipts of the Board, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Board.

During the year, the Board segregates transactions related to the Board's function or activity in a separate fund in order to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. The Board has only one fund which is its major fund.

B. Fund Accounting

The Board uses a fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the Board is governmental.

Mental Health and Recovery Fund - This fund accounts for a county-wide property tax levy and federal and state grants that are primarily used to pay the costs of contracts with local mental health agencies that provide services to the public.

C. Basis of Accounting

The Board's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Board's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Data

Ohio law requires all funds, other than agency funds, to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which use the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board uses the object as its legal level of control.

The certificate of estimated resources may be amended during the year if the Board's fiscal officer projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for that fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

Mental Health and Recovery Board
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash

As required by Ohio Revised Code, the Belmont County Treasurer is custodian for the Board's cash. The Board's cash is held in the County's cash and investment pool, and is valued at the County Treasurer's carrying amount. Deposits and investment disclosures for the County as a whole may be obtained from the County.

F. Accumulated Leave

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

G. Employer Contributions to Cost-Sharing Pension Plans

The Board recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

H. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Board's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

I. Fund Balance Reserves

The Board reserves any portion of the fund balance which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance – Budget and Actual (Budget Basis) presented for the Mental Health and Recovery Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

Mental Health and Recovery Fund	\$65,474
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Mental Health and Recovery Board
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

Note 4 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the service area. Property tax receipts received in 2009 for real and public utility taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

2009 tangible property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

Note 5 – Risk Management

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

Note 6 – Defined Benefit Pension Plan

Plan Description - The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the 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 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 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 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Mental Health and Recovery Board
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

Note 6 – Defined Benefit Pension Plan (Continued)

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contribute 10 percent of covered payroll.

The Board's contribution rate for 2009 was 14 percent. The portion of employer contributions allocated to health care was 7 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Board of 14 percent.

The Board's required contributions for pension obligations to the traditional plan for the years ended December 31, 2009, 2008, and 2007 were \$39,016, \$38,406, and \$35,114, respectively. The full amount has been contributed for 2009, 2008 and 2007.

Note 7 – Postemployment Benefits

Plan Description - OPERS maintains a cost-sharing multi-employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide health care benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained 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 post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 7 percent of covered payroll from January 1 through March 31, 2009 and 5.5 percent of covered payroll from April 1 through December 31, 2009.

The Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Mental Health and Recovery Board
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2009

Note 8 – Contingencies

Grants

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

**MENTAL HEALTH AND RECOVERY BOARD
BELMONT COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Safe and Drug-Free Schools and Communities - State Grants	COME-ADA-WP091Z COME-ADA-WP101Z	84.186B	\$29,008 13,499
Total U.S. Department of Education			<u>42,507</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Mental Health:</i>			
Promoting Safe and Stable Families	05-CS-09-01	93.556	36,874
Community-Based Child Abuse Prevention Grants	05-CS-09-03 05-CS-10-03	93.590	13,884 8,177
Total Community-Based Child Abuse Prevention Grants			<u>22,061</u>
Social Services Block Grant	C-08-09-03 C-08-10-03	93.667	66,183 21,820
Total Social Services Block Grant			<u>88,003</u>
State Children's Insurance Program	N/A	93.767	216,336
Medical Assistance Program	N/A	93.778	2,674,493
Medical Assistance Program - ARRA	N/A		<u>388,227</u>
Total Medical Assistance Program			<u>3,062,720</u>
Block Grants for Community Mental Health Services	N/A - FY09 N/A - FY10	93.958	50,089 192,001
Total Block Grants for Community Mental Health Services			<u>242,090</u>
Total Passed Through Ohio Department of Mental Health			<u>3,668,084</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
State Children's Insurance Program	N/A	93.767	34,750
Medical Assistance Program	N/A	93.778	253,046
Medical Assistance Program - ARRA	N/A		<u>44,907</u>
Total Medical Assistance Program			<u>297,953</u>
Block Grants for Prevention and Treatment of Substance Abuse	COME-ADA-WP04LC COME-ADA-WP04LC	93.959	243,083 212,565
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>455,648</u>
Total Passed Through Ohio Department of Alcohol and Drug Addiction Services			<u>788,351</u>
Total U.S. Department of Health and Human Services			<u>4,456,435</u>
Total			<u>\$4,498,942</u>

The accompanying notes are an integral part of this Schedule.

**MENTAL HEALTH AND RECOVERY BOARD
BELMONT COUNTY**

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Mental Health and Recovery Board's (the Board's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – SUBRECIPIENTS

The Board passes certain federal awards received from the Ohio Department of Mental Health Services and the Ohio Department of Alcohol and Drug Addiction Services to other governments or not-for-profit agencies (sub-recipients). As Note A describes, the Board reports expenditures of Federal awards to sub-recipients when paid in cash.

As a sub-recipient, the Board has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.

NOTE C – MATCHING REQUIREMENTS

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



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*

Mental Health and Recovery Board
Belmont County
99 North Sugar Street
St. Clairsville, Ohio 43950

To the Members of the Board:

We have audited the financial statements of the governmental activities and the major fund of the Mental Health and Recovery Board, Belmont 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 June 14, 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 opinions 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, in 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.

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*.

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Mental Health and Recovery Board
Belmont County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, the Board, and 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 14, 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

Mental Health and Recovery Board
Belmont County
99 North Sugar Street
St. Clairsville, Ohio 43950

To the Members of the Board:

Compliance

We have audited the compliance of the Mental Health and Recovery Board, Belmont 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 each of its major federal programs 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 programs. 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 each of its major federal programs 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 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.

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

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

Mary Taylor, CPA
Auditor of State

June 14, 2010

**MENTAL HEALTH AND RECOVERY BOARD
BELMONT 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 - C.F.D.A. # 93.778 Block Grants for Treatment and Prevention of Substance Abuse - C.F.D.A. # 93.959
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

MENTAL HEALTH AND RECOVERY BOARD

BELMONT 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 13, 2010**