

**ALCOHOL, DRUG AND MENTAL HEALTH  
BOARD OF FRANKLIN COUNTY**

**FRANKLIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS**

*(AUDITED)*

*FOR THE YEAR ENDED*

*DECEMBER 31, 2005*

**JONATHAN WYLLY, CHIEF FINANCIAL OFFICER**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Alcohol, Drug and Mental Health Board of Franklin County  
447 E. Broad Street  
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Alcohol, Drug and Mental Health Board of Franklin County, Franklin County, prepared by Julian and Grube, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Alcohol, Drug and Mental Health Board of Franklin County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

May 31, 2006

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**ALCOHOL, DRUG AND MENTAL HEALTH  
BOARD OF FRANKLIN COUNTY  
FRANKLIN COUNTY, OHIO  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

Board of Trustees  
Alcohol, Drug and Mental Health Board  
of Franklin County  
447 E. Broad Street  
Columbus, Ohio 43215

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcohol, Drug and Mental Health Board of Franklin County, Ohio (the "ADAMH Board") as of and for the year ended December 31, 2005, which collectively comprise the ADAMH Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ADAMH 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in 1.A., the financial statements of the Alcohol, Drug, and Mental Health Board, Franklin County, are intended to present the financial position, and the changes in financial position, where applicable, of only that portion of the governmental activities, each major fund, and the aggregate remaining fund information of Franklin County that is attributable to the transactions of the ADAMH Board. They do not purport to, and do not, present fairly the financial position of Franklin County as of December 31, 2005, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the ADAMH Board of Franklin County, Ohio, as of December 31, 2005, and the respective changes in financial position thereof and the respective budgetary comparison for the general and the state mental health, alcohol and drug special revenue fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

Independent Auditor's Report  
Alcohol, Drug and Mental Health Board of Franklin County  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2006, on our consideration of the ADAMH 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 8 are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ADAMH Board's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the ADAMH Board. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.  
April 19, 2006



**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005**  
**(UNAUDITED)**

As management of the Alcohol, Drug and Mental Health (ADAMH) Board, we are providing this overview of ADAMH Board's financial activities for the twelve month period ended December 31, 2005. Please read this overview in conjunction with the ADAMH Board's basic financial statements, which follow.

The ADAMH Board is included within the Franklin County Comprehensive Annual Financial Report as a major fund. ADAMH Board uses its general fund to report its financial position and results of operations. We believe these financial statements present all activities for which ADAMH Board is financially responsible.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the twelve-month period ended December 31, 2005 are as follows:

- The assets of the ADAMH Board exceeded its liabilities at the close of 2005 by \$26,068,701 (net assets).
- As of the close of 2005, the ADAMH Board's governmental funds reported combined ending fund balances of \$10,256,244.
- At the close of the 2005, unreserved fund balance was \$7,994,973.
- As of the close of 2005, the ADAMH Board had cumulated deposit amounts totaling \$17,478,845.

***OVERVIEW OF THE FINANCIAL STATEMENTS***

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 ADAMH Board as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole ADAMH Board, presenting both an aggregate view of the ADAMH Board's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remains for future spending. The fund financial statements also look at the ADAMH Board's most significant funds with all other non-major funds presented in total in one column.

***Statement of Net Assets and Statement of Activities***

While this document contains information about the funds used by the ADAMH Board to provide services to our citizens, the view of the ADAMH Board as a whole looks at all financial transactions and asks the question, "How did we do financially during the twelve-month period ended December 31, 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the ADAMH Board's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the ADAMH Board as a whole, the financial position of the ADAMH Board has improved or diminished. However, in evaluating the overall position of the ADAMH Board, non-financial information such as the condition of the ADAMH Board capital assets will also need to be evaluated.

In the Statement of Net Assets and the Statement of Activities, the ADAMH Board reports one type of activity, governmental, this includes all of the Board's services-health services and general government.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005**  
**(UNAUDITED)**

**Fund Financial Statements**

Fund financial statements provide detailed information about the ADAMH Board's major funds. Based upon restrictions on the use of monies, the ADAMH Board has established many funds which account for the multitude of services provided to our constituents. However, these fund financial statements focus on the ADAMH Board's most significant funds. In the case of the ADAMH Board, our major funds are the General fund and the State Mental Health Alcohol & Drug fund.

**Governmental Funds**

The ADAMH Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the ADAMH Board's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

The ADAMH Board maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and State Mental Health Alcohol and Drug Fund. Data from the other eight governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found starting on page 11 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the ADAMH Board. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the ADAMH Board's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

***Notes to the basic financial statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 18 of this report.

**THE ADAMH BOARD AS A WHOLE**

Recall that the Statement of Net Assets provides the perspective of the ADAMH Board as a whole. Table 1, below, provides a summary of the ADAMH Board's net assets for 2005 compared to 2004.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005**  
**(UNAUDITED)**

**TABLE 1**

**Net Assets**

	Governmental Activities	
	2005	2004
Current and other assets	\$ 83,602,442	\$ 85,972,040
Capital assets	2,614,361	3,257,658
Total Assets	86,216,803	89,229,698
Current liabilities	59,511,925	60,609,076
Long-term liabilities	636,177	588,376
Total Liabilities	60,148,102	61,197,452
Net Assets	\$ 26,068,701	\$ 28,032,246

By far the largest portion of the ADAMH Board's net assets (58.3%) is restricted for its health services function. 10.0% of net assets is invested in capital assets (e.g. land, buildings, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The ADAMH Board uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the ADAMH Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets of \$ 8,456,753 may be used to meet the Board's ongoing obligations to citizens and creditors. Table 2, below, shows the change in net assets for 2005 compared to 2004:

**TABLE 2**

**Changes in Net Assets**

	Governmental Activities	
	2005	2004
Program revenues:		
Grants and contributions	\$ 72,373,154	\$ 74,640,342
General revenues:		
Property taxes	35,815,944	37,843,828
Other unrestricted revenues	5,490,640	558,272
Total revenues	113,679,738	113,042,442
Expenses:		
General government	6,263,539	6,086,663
Health Services	109,358,192	115,758,219
Interest on long-term debt	21,552	28,382
Total expenses	115,643,283	121,873,264
Decrease in net assets	(1,963,545)	(8,830,822)
Net Assets - Past	28,032,246	36,863,068
Net Assets - Current Year	\$ 26,068,701	\$ 28,032,246

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005**  
**(UNAUDITED)**

Program revenues consist mainly of grants from federal and state sources. Program expenses consist primarily of contract payments to service providers and personnel services.

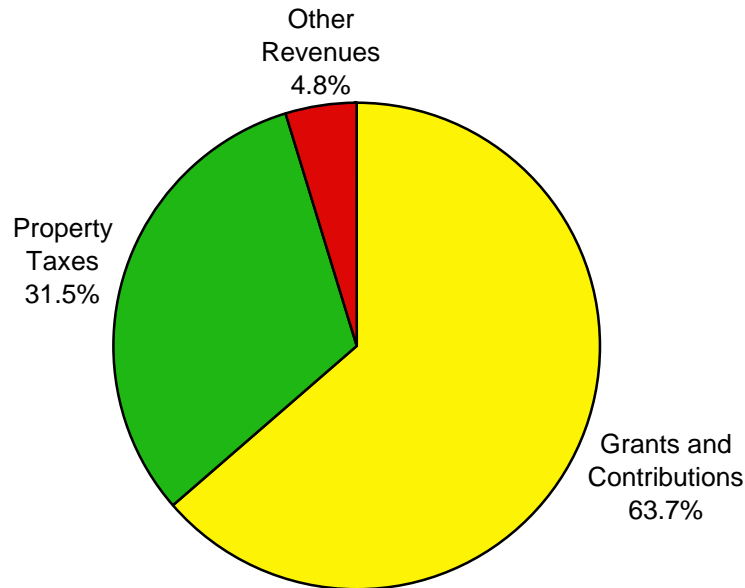
**Total versus Net Cost of Services**

The Statement of Activities shows the cost of program services and the charges for services and grants associated with those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues. When applicable, the net cost of program services must be supported by general revenues including tax revenue, investment earnings and unrestricted grants.

**TABLE 3**

<b>Functions/Programs</b>	<b>2005 Total Cost of Services</b>	<b>2004 Total Cost of Services</b>	<b>2005 Net Cost of Services</b>	<b>2004 Net Cost of Services</b>
Governmental Activities:				
Health Services	\$ 109,358,192	\$ 115,758,219	\$ 36,985,038	\$ 41,117,877
General Government	6,263,539	6,086,663	6,263,539	6,086,663
Interest on long-term debt	21,552	28,382	21,552	28,382
<b>Total Governmental Activities</b>	<b>\$ 115,643,283</b>	<b>\$ 121,873,264</b>	<b>\$ 43,270,129</b>	<b>\$ 47,232,922</b>

The Board's reliance upon both grants and property taxes is demonstrated by the chart below indicating 63.7% of total revenues from grants and contributions and approximately 31.5% of revenues from property taxes. The general revenues from property taxes are intended to cover the net cost of services indicated in the chart on the preceding page.



**THE ADAMH BOARD'S FUNDS**

As noted earlier, the ADAMH Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the ADAMH Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the ADAMH Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005**  
**(UNAUDITED)**

As of the end of 2005, the ADAMH Board's governmental funds reported combined ending fund balances of 10,256,244, a 9.58% increase over the twelve-month period.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2005.

	<u>Fund Balance</u> <u>12/31/2005</u>	<u>Fund Balance</u> <u>12/31/2004</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 2,261,271	\$ 2,671,040	\$ (409,769)
State Mental Health			
Alcohol and Drug	6,630,176	5,244,136	1,386,040
Other Governmental	<u>1,364,797</u>	<u>1,444,264</u>	<u>(79,467)</u>
Total	<u>\$ 10,256,244</u>	<u>\$ 9,359,440</u>	<u>\$ 896,804</u>

The general fund is the chief operating fund of the ADAMH Board. At the end of the 2005, the entire fund balance was designated for the risk fund. Although the entire balance of the State Mental Health Alcohol & Drug and other governmental funds was unreserved, the remaining fund balances will be paid to provider and other governmental agencies once requests for reimbursement are submitted.

There are eight other governmental funds that account for various special programs of the Board.

**GENERAL FUND BUDGETARY INFORMATION**

The ADAMH Board's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances.

During the course of 2005, the ADAMH Board amended its general fund budget throughout the year. For the general fund, original and final budgeted revenues were \$72,278,787. Actual revenues and other financing sources for fiscal year 2005 was \$75,545,906. This represents a \$3,267,119 increase over final budgeted revenues.

General fund original appropriations (appropriated expenditures) of \$76,842,185 were increased to \$85,622,604 in the final budget. The additional appropriation of \$8.7 million was an estimate of providers' expenditures through 2005. Since providers had until January 31, 2006 to submit claims and block grant requests for Contract Year 2005 activity, some of the expenditures did not occur until Calendar Year 2006, thus the actual 2005 budget basis expenditures and other uses totaled \$80,965,410, which was \$4,657,194 less than the final budget appropriations.

**State Mental Health Alcohol and Drug Fund**

The State Mental Health Alcohol and Drug Fund, a major governmental fund, had revenues of \$28,037,453 and expenditures of \$26,651,413 for the twelve-month period ended 2005. Fund balances increased \$1,386,040 from \$5,244,136 to \$6,630,176.

**CAPITAL ASSETS**

The ADAMH Board's investment in capital assets for its governmental activities as of December 31, 2005 amounts to a total cost of \$3,587,700, or \$2,614,361, net of accumulated depreciation. This investment in capital assets includes land, buildings & improvements, and machinery & equipment. 58.2% of the Board's investment in capital assets is in the Engagement Center, a mental health and substance abuse treatment facility. Total disposals for the twelve-month period ending December 31, 2005 was \$529,020 and total depreciation for the twelve-month period was \$114,277. Detailed information regarding capital asset activity is included in the Note 5 to the basic financial statements.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**MANAGEMENT'S DISCUSSION & ANALYSIS**  
**FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005**  
**(UNAUDITED)**

**DEBT ADMINISTRATION**

At December 31, 2005, the ADAMH Board had \$201,025 in general obligation bonds and capital lease obligations outstanding. Of this total, \$61,025 is due within one year and \$140,000 is due in more than one year. The following table summarizes the bonds and notes outstanding.

	<b>Outstanding Debt, at Year End</b>	
	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
General obligation bonds	\$ 175,000	\$ 210,000
Capital Leases	<u>26,025</u>	<u>58,967</u>
Total	<u>\$ 201,025</u>	<u>\$ 268,967</u>

In 1986, the Franklin County Commissioners authorized the issuance of \$795,000 in general obligation bonds at 7.375% of which the proceeds were used to purchase the building the ADAMH Board currently occupies. The ADAMH Board is obligated to retire the debt and will acquire title to the building once the County's debt is retired.

During prior years, the ADAMH Board entered into capitalized leases for copiers.

See Note 7 to the basic financial statements for detail on the District's debt administration.

**CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS**

1. Continued discrimination against individuals with behavioral healthcare needs by private insurance coverage will continue to shift the costs to the public sector behavioral healthcare system.
2. Increase proportion of consumers who are Medicaid eligible will:
  - a. Continue to require payments for services that are not optional.
  - b. Increase number of contract service provider who are targeting Medicaid consumers, and will impact the availability of funding for non-Medicaid consumers.
  - c. Require state leadership to re-structure Medicaid Program.
3. Demand for services expected to increase in terms of quality and complexity.
4. Discretionary revenues expected to be diminishing over next few years.
5. New and emerging populations may increase need for additional culturally competent services that are delivered by culturally capable and competent staff.
6. Increased changing expectations from consumer/family members (expect to recover vs. maintain).
7. Increased expectations of community that ADAMH system's safety net remains intact and also grows during 10 year levy cycle.
8. Demographic changes will be a growing challenge to our ability to attract and retain a highly qualified workforce that facilitates consumer recovery.

**CONTACTING THE ADAMH BOARD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide an overview of ADAMH Board's finances and it's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jonathan Wyly, Chief Financial Officer, Alcohol, Drug and Mental Health Board of Franklin County, 447 East Broad Street, Columbus, Ohio 43215-3722.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
OF FRANKLIN COUNTY**

Statement of Net Assets  
December 31, 2005

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Equity with County Treasurer	\$ 17,478,845
Accounts receivable	562,331
Due from other governments	24,640,028
Property taxes receivable	40,921,238
Capital assets, net of accumulated depreciation:	
Nondepreciable	236,113
Depreciable	2,378,248
	<u>86,216,803</u>
Total Assets	
<b>LIABILITIES</b>	
Accrued wages and benefits	160,945
Accounts payable	17,335,211
Due to other funds within Franklin County	23,597
Liability for unreported claims	1,089,038
Unearned revenue	40,903,134
Long-term liabilities	
Due within one year	105,774
Due in more than one year	530,403
	<u>60,148,102</u>
Total Liabilities	
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	2,413,336
Restricted for:	
Health Services	15,198,612
Unrestricted	8,456,753
	<u>26,068,701</u>
Total Net Assets	<u>\$ 26,068,701</u>

See accompanying notes to the basic financial statements

ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
OF FRANKLIN COUNTY

STATEMENT OF ACTIVITIES  
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue &amp; Changes in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:			
Health Services	\$ 109,358,192	\$ 72,373,154	\$ (36,985,038)
General Government	6,263,539	-	(6,263,539)
Interest on long-term debt	21,552	-	(21,552)
Total Governmental Activities	<u>115,643,283</u>	<u>72,373,154</u>	<u>(43,270,129)</u>
General Revenues:			
Property taxes			35,815,944
Other unrestricted revenues			5,490,640
Total general revenues and transfers			<u>41,306,584</u>
Change in Net Assets			(1,963,545)
Net assets at beginning of year			28,032,246
Net assets at end of year			<u>\$ 26,068,701</u>

See accompanying notes to the basic financial statements



ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
OF FRANKLIN COUNTY

BALANCE SHEET  
ALL GOVERNMENTAL FUNDS  
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005

	General	State Mental Health Alcohol & Drug	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Equity with county treasurer	\$ 12,981,635	\$ 2,370,217	\$ 2,126,993	\$ 17,478,845
Accounts receivable	562,331	-	-	562,331
Due from other Governments	9,540,360	13,930,753	1,168,915	24,640,028
Due from other funds	239,885	209,963	10,434	460,282
Property taxes receivable	40,921,238	-	-	40,921,238
Total Assets	<u>\$ 64,245,449</u>	<u>\$ 16,510,933</u>	<u>\$ 3,306,342</u>	<u>\$ 84,062,724</u>
<b>LIABILITIES</b>				
Accrued wages payable	\$ 160,945	\$ -	\$ -	\$ 160,945
Accounts payable	12,936,948	3,119,249	1,279,014	17,335,211
Due to other funds	114,243	141,018	205,021	460,282
Due to other funds within Franklin County	23,597	-	-	23,597
Liability for unreported claims	1,089,038	-	-	1,089,038
Deferred revenue	6,756,273	6,620,490	457,510	13,834,273
Unearned revenue	40,903,134	-	-	40,903,134
Total Liabilities	<u>61,984,178</u>	<u>9,880,757</u>	<u>1,941,545</u>	<u>73,806,480</u>
<b>FUND BALANCE</b>				
Designated for Risk Fund	2,261,271	-	-	2,261,271
Unreserved - Undesignated:				
Special Revenue Funds	-	6,630,176	1,364,797	7,994,973
Total Fund Balance	<u>2,261,271</u>	<u>6,630,176</u>	<u>1,364,797</u>	<u>10,256,244</u>
Total Liabilities and Fund Balance	<u>\$ 64,245,449</u>	<u>\$ 16,510,933</u>	<u>\$ 3,306,342</u>	<u>\$ 84,062,724</u>

See accompanying notes to the basic financial statements

ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
OF FRANKLIN COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005

<b>Total Governmental Fund Balances</b>	\$ 10,256,244
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,614,361
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	13,834,273
Long-Term liabilities, including capital lease obligations and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated Absences Payable	(435,152)
Capital Lease Obligations	(26,025)
General Obligation Bonds	(175,000)
	<u>(636,177)</u>
<b>Net Assets of Governmental Activities</b>	<u>\$ 26,068,701</u>

See accompanying notes to the basic financial statements

ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
OF FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUNDS  
FOR THE TWELVE MONTH PERIOD ENDING DECEMBER 31, 2005

	General Fund	State Mental Health Alcohol & Drug	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 37,970,556	\$ -	\$ -	\$ 37,970,556
Intergovernmental	38,634,289	28,037,453	9,854,634	76,526,376
Other	1,096,650	-	-	1,096,650
Total Revenues	<u>77,701,495</u>	<u>28,037,453</u>	<u>9,854,634</u>	<u>115,593,582</u>
Expenditures:				
Current Operations:				
Health:				
Contract Services	72,687,374	26,651,413	9,924,036	109,262,823
General Government	5,589,803	-	10,065	5,599,868
Debt Service:				
Principal	67,942	-	-	67,942
Interest and Fiscal Charges	21,552	-	-	21,552
Total Expenditures	<u>78,366,671</u>	<u>26,651,413</u>	<u>9,934,101</u>	<u>114,952,185</u>
Excess of Revenues over (under) Expenditures	<u>(665,176)</u>	<u>1,386,040</u>	<u>(79,467)</u>	<u>641,397</u>
Other Financing Sources				
Sale of Fixed Assets	255,407	-	-	255,407
Total Other Financing Sources	<u>255,407</u>	<u>-</u>	<u>-</u>	<u>255,407</u>
Net change in fund balance	<u>(409,769)</u>	<u>1,386,040</u>	<u>(79,467)</u>	<u>896,804</u>
Fund Balance at Beginning of Year	<u>2,671,040</u>	<u>5,244,136</u>	<u>1,444,264</u>	<u>9,359,440</u>
Fund Balance at End of Year	<u>\$ 2,261,271</u>	<u>\$ 6,630,176</u>	<u>\$ 1,364,797</u>	<u>\$ 10,256,244</u>

See accompanying notes to the basic financial statements

ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
OF FRANKLIN COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 896,804</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net assets.	(529,020)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(114,277)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,169,251)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.	67,942
Some expenses reported in the statement of activities, such as compensated absences payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(115,743)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ (1,963,545)</u></u></b>

See accompanying notes to the basic financial statements

ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
OF FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<b>Revenues</b>				
Real Estate Taxes	\$ 38,576,622	\$ 38,576,622	\$ 37,970,556	\$ (606,066)
Personal Property Taxes	4,796,047	4,796,047	4,776,659	(19,388)
Intergovernmental	28,906,118	28,906,118	31,134,371	2,228,253
Other Revenue			498,714	498,714
Total Revenues	<u>72,278,787</u>	<u>72,278,787</u>	<u>74,380,300</u>	<u>2,101,513</u>
<b>Expenditures</b>				
Health	76,700,197	85,480,616	80,469,031	5,011,585
Capital Outlay	91,500	91,500	61,895	29,605
Debt Services	50,488	50,488	50,488	-
Total Expenditures	<u>76,842,185</u>	<u>85,622,604</u>	<u>80,581,414</u>	<u>5,041,190</u>
Excess of Revenues Over/ (Under) Expenditures	<u>(4,563,398)</u>	<u>(13,343,817)</u>	<u>(6,201,114)</u>	<u>7,142,703</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers In	-	-	1,910,199	1,910,199
Sale of Fixed Assets	-	-	255,407	255,407
Transfers out	-	-	(383,996)	(383,996)
Total other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>1,781,610</u>	<u>1,781,610</u>
Net change in fund balance	(4,563,398)	(13,343,817)	(4,419,504)	8,924,313
Fund balances at beginning of year	14,103,764	14,103,764	14,103,764	-
Fund balances at end of year	<u>\$ 9,540,366</u>	<u>\$ 759,947</u>	<u>\$ 9,684,260</u>	<u>\$ 8,924,313</u>

See accompanying notes to the basic financial statements

ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
OF FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
STATE MENTAL HEALTH ALCOHOL AND DRUG FUND  
FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<b>Revenues</b>				
Intergovernmental	\$ 28,314,866	\$ 28,415,375	\$ 27,739,114	\$ (676,261)
Total Revenues	<u>28,314,866</u>	<u>28,415,375</u>	<u>27,739,114</u>	<u>(676,261)</u>
<b>Expenditures</b>				
Health	28,317,697	29,602,647	28,120,075	1,482,572
Total Expenditures	<u>28,317,697</u>	<u>29,602,647</u>	<u>28,120,075</u>	<u>1,482,572</u>
Excess of Revenues Over/ (Under) Expenditures	<u>(2,831)</u>	<u>(1,187,272)</u>	<u>(380,961)</u>	<u>806,311</u>
<b>Other Financing Sources/(Uses)</b>				
Transfers In	-	-	477,893	477,893
Transfers out	-	(1,044,809)	(1,044,809)	-
Total other financing sources/(uses)	<u>-</u>	<u>(1,044,809)</u>	<u>(566,916)</u>	<u>(477,893)</u>
Net change in fund balance	(2,831)	(2,232,081)	(947,877)	1,284,204
Fund balances at beginning of year	3,318,093	3,318,093	3,318,093	-
Fund balances at end of year	<u>\$ 3,315,262</u>	<u>\$ 1,086,012</u>	<u>\$ 2,370,216</u>	<u>\$ 1,284,204</u>

See accompanying notes to the basic financial statements

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
OF FRANKLIN COUNTY**  
Statement of Fiduciary Assets  
Fiduciary Funds  
December 31, 2005

	<u>Agency Funds</u>
<b>ASSETS</b>	
Equity with County Treasurer	<u>\$ 652,606</u>
Total Assets	<u>652,606</u>
<b>LIABILITIES</b>	
Deposits held and due to others	<u>652,606</u>
Total Liabilities	<u>652,606</u>
Total Net Assets	<u><u>\$ -</u></u>

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

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Alcohol, Drug and Mental Health Board of Franklin County (the ADAMH Board) is a major fund of Franklin County, Ohio. The ADAMH Board operates in accordance with Section 340 of the Ohio Revised Code. The Franklin County Commissioners appoint a majority of the Board members and serve as the local levy taxing authority for the ADAMH Board. The Franklin County Auditor and the Franklin County Treasurer, which are elected positions, serve respectively as Chief Fiscal Officer and Custodian of all public funds.

The ADAMH Board serves as the planning agency in Franklin County for mental health and alcohol and other substance abuse services. It evaluates and assesses the needs for these services in Franklin County. It also receives funding from federal, state and local sources and distributes these monies to contract agencies which then provide services to those who suffer from mental illness and/or alcohol or substance abuse.

Component units are legally separate organizations for which the ADAMH Board is financially accountable. The ADAMH Board is financially accountable for an organization if the ADAMH Board appoints a voting majority of the organizations' government board and (1) the ADAMH Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the ADAMH Board is legally entitled to or can otherwise access to organizations' resources; or (3) the ADAMH Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the ADAMH Board is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the ADAMH Board in that the ADAMH Board approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criterion, the ADAMH Board has no component units. The basic financial statements of the reporting entity include only those of the ADAMH Board. The following organizations are described due to their relationship to the ADAMH Board:

*RELATED ORGANIZATIONS:*

Franklin County Family and Children First Council

The operation of the Franklin County Family and Children First Council is controlled by an oversight committee. As a whole, the ADAMH Board and the Franklin County Department of Job and Family Services are the administrative agents, and the Franklin County Auditor is the fiscal agent. The ADAMH Board has presented the financial activity of the Franklin County Family and Children First Council within an agency fund.

Alternatives for Children and Teens (ACT) Consortium

The ACT consortium consists of and is controlled by six central Ohio ADAMH Boards which includes the ADAMH Board of Franklin County. This ADAMH Board of Franklin County is the designated fiscal agent for monies received from the Ohio Department of Mental Health and passes through monies received to consortium members. Funds on hand at December 31, 2005 which do not relate to the ADAMH Board of Franklin County are reported within an agency fund.

**B. Government-wide and fund financial statements**

Government-wide Financial Statements—The statement of net assets and the statement of activities display information about the ADAMH Board as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.



**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the ADAMH Board's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function.

Program revenues include 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 ADAMH Board. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the ADAMH Board.

Fund Financial Statements—Fund financial statements report detailed information about the ADAMH 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

**C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Non-exchange transactions, in which the ADAMH Board receives value without directly giving equal value in return, include grants and entitlements.

Revenue from grants and entitlements is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the ADAMH Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the ADAMH Board on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: tuition, grants, and contract services.

Deferred Revenue—Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Contractual services provided by the ADAMH Board during the year for which payment is not received in the available period. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

Unearned Revenue—On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses/Expenditures

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *state mental health alcohol and drug fund* is used to account for programs funded with proceeds received from the State of Ohio.

Additionally, the government reports the following fund type:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the ADAMH Board under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the ADAMH Board's own programs. The ADAMH Board has no private purpose trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ADAMH Board's agency funds account for Franklin County Family and Children First Council, and Alternative for Children and Teen (ACT) Consortium monies.

The basic financial statements of the ADAMH Board have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The ADAMH Board also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements.

**D. Budgetary Process**

Legal Requirements: In accordance with Ohio law, annual budgets are adopted for the general fund, special revenue funds, debt service fund, capital projects funds and proprietary funds. The Franklin County Budget Commission, composed of the Auditor, Treasurer and Prosecutor, approves tax budgets and certificates of estimated resources for the County itself and for schools, municipalities, townships and other agencies that are funded by tax dollars. State statute permits the Budget Commission to waive all or part of the tax budget requirement for those counties that have adopted an alternative method for apportionment of the local government fund and the local government revenue assistance fund. Franklin County has an alternative formula agreement in place.

Estimated Resources: The certificate of estimated resources issued by the Budget Commission states the projected revenue of each fund and establishes a limit on the amount the County may appropriate. The County's total contemplated expenditures from any fund during the fiscal year cannot exceed the amount available as stated in the certificate of estimated resources. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. During the year, as actual revenues vary from the estimates, the certificate may be amended further if an estimate needs either to be increased or decreased. Such amendments were made during 2005. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate at the time the original appropriations resolution was adopted.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Appropriations: The appropriations resolution is the Commissioners' authorization to spend resources. The resolution sets annual limits on expenditures plus encumbrances at the level of control selected by the Commissioners. Appropriation requests are submitted to the Office of Management and Budget (OMB) by the agencies. In light of available resources and County priorities, the County Administrator and OMB develop a joint budget recommendation that is submitted to the Commissioners. Public budget hearings are held with the various elected officials and agency administrators. At the conclusion of the budget hearings, the Commissioners convene a meeting with the County Administrator and OMB to amend the recommended budget. Revisions to the original budget require a resolution signed by at least two Commissioners. Supplemental appropriations were made during 2005.

Budgeted Level of Expenditures: The Commissioners appropriate to the major object level within a fund/organizational unit. The appropriation level is the legal level of control. Expenditures may not legally exceed appropriations at the level of appropriation. Managerial control is maintained through building the budget at the detailed line-item level. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the Commissioners.

Lapsing of Appropriations: At the end of the year, all encumbrances are canceled and all appropriations lapse, reverting to the respective funds from which they were appropriated.

**E. Deposits and Investments**

For reporting purposes, "Equity with County Treasurer" is defined as cash on hand, demand deposits and investments held in the County treasury.

Cash resources of the majority of individual funds are combined to form a pool of cash and investments managed by the County Treasurer. Interest earned on investments is accrued as earned. Under existing Ohio law, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Distribution is made utilizing a formula based on the average month-end balance of cash and cash equivalents of all funds. No interest was credited to the ADAMH Board by the County Treasurer for the year ending December 31, 2005.

**F. Property Taxes**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Property tax revenue received during 2005 for real and public utility property taxes represents collection of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by state law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005. The total assessed value upon which the 2005 real estate tax collection was based was \$22.266 billion. The full tax rate applied to real property for all County units was \$17.79 per \$1,000 of assessed valuation.

Tangible personal property is that property used in business and is assessed at 25 percent on everything except inventories. The inventory assessment percentage for tax year 2005 is 23 percent. Tangible personal property taxes are levied on January 1<sup>st</sup> of the current year. The total value upon which the 2005 tax collection was assessed was \$2.086 billion.

Public utility taxes are assessed not only on land and improvements, but also on tangible personal property at true value, which is a percentage of cost. Percentages vary according to the type of utility. The total assessed value upon which the 2005 tax collection was based was \$818 million.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Treasurer bills and collects property taxes on behalf of all taxing districts within the County. The Auditor periodically remits to the taxing districts their portion of the taxes collected. Collection of the taxes and remittance to the taxing districts are accounted for in various County agency funds.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20<sup>th</sup>; if paid semi-annually, the first payment is due January 20<sup>th</sup> with the remainder to be paid by June 20<sup>th</sup>. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these reductions is reimbursed to the County by the State.

Tangible personal property taxes are due semi-annually with the first payment due April 30<sup>th</sup> and the remainder to be paid by September 20<sup>th</sup>. Due dates are normally extended an additional 30 days. By state law, the first \$10,000 of taxable value for each business is exempt from taxation. The resulting tangible personal property exemption is also reimbursed by county by the State.

“Property taxes receivable” represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for uncollectible amounts) and real property and public utility taxes that were measurable at year-end and for which there is an enforceable legal claim. In the fund financial statements, the majority of the receivable is offset by unearned revenue since the taxes were not levied to finance 2005 operations. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is unearned.

The County uses actual billings and estimates based on the tax rate multiplied by property value to estimate taxes receivable. The eventual collection of substantially all real property and public utility taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied. For tangible personal property taxes (both current and delinquent), a determination of the percentage deemed uncollectible was made based on past experience. This percentage was applied against the gross taxes receivable to yield the estimated net realizable value of these resources.

**G. Capital Assets and Depreciation**

Capital assets, which include property, plant, and equipment, are reported in the government-wide statement of net assets. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All property, plant, and equipment is depreciated using the straight line method over the estimated useful lives of the related assets. Depreciable lives used for property items within each property classification are as follows:

<u>Classification</u>	<u>Useful Life</u>
Buildings	50 years
Leasehold Improvements	15–25 years
Machinery & Equipment	5–25 years

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Compensated Absences**

The County permits employees to accumulate earned but unused vacation and sick pay benefits. Vacation benefits are accrued as a liability when the benefits are earned if (1) the vacation leave is related to services already rendered and (2) it is probable that the employee will be compensated through time off or some other means in a future period. Sick leave benefits are accrued using the vesting method. The sick leave liability is based on accumulated sick leave and employee wage rates at December 31 for those employees who are currently eligible to receive termination benefits and those the ADAMH Board has identified as probable of receiving payment in the future.

The criteria for determining vacation and sick leave liabilities are based on the ADAMH Board's policies for compensated absences. In general, vacation and sick leave are accumulated based on hours worked. Vacation pay is fully vested upon hire. By Ohio law, accumulated vacation cannot exceed three times the annual accumulation rate for an employee. There is no limit for the accumulation of sick leave. Employees who have completed the required learning and training period may receive payment of one-half sick leave accrued. All payments are made at the employee's current wage rate.

All accumulated vacation leave and vested accumulated sick leave is recorded as a liability in the government-wide financial statements. In the governmental funds, accumulated vacation leave and vested accumulated sick leave that is expected to be liquidated with available financial resources are recorded as an expenditure and a fund liability of the governmental fund that will pay it.

**I. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations in the funds. However, compensated absences, bonds, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

**J. Unreported Claims Liability**

Health care costs associated with Medicaid claims are accrued as services are rendered by contract providers for providing mental health and substance abuse treatment services. Payments are made to providers on individual claims for which services have been performed.

Incurred but not reported (IBNR) claims exist for Medicaid claims that have not been received by the ADAMH Board from providers and have not been adjudicated by the computer processing system. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual claims and other factors. The ADAMH Board had incurred but not reported claims of \$1,089,038 for the year ended December 31, 2005 which is recorded as a liability on government-wide and fund financial statements.

**K. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. A designation of fund balance has been established to account for possible unforeseen claims.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**L. Interfund Balances**

Activities between funds that represent lending/borrowing arrangements outstanding and unpaid interfund services provided at the end of the year are referred to as “due to/from other funds.” On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the government-wide financial statements.

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The ADAMH Board applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**O. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the ADAMH Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2005.

NOTE 2—RECEIVABLES

Receivables at December 31, 2005 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net assets follows:

<b>Governmental Activities</b>	
Taxes - current and delinquent	\$ 40,921,238
Accounts	562,331
Due from other governments	<u>24,640,028</u>
Total receivables	<u>\$ 66,123,597</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within subsequent years.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 3—BUDGETARY BASIS OF ACCOUNTING**

While the ADAMH is reporting financial position, results of operations, and changes in fund balances in accordance with accounting principles generally accepted in the United States of America (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget (Non-GAAP Basis) and Actual—for the General Fund and State Mental Health Alcohol and Drug Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

**Excess (Deficiency) of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses**

	General Fund	State Mental Health Alcohol and Drug
	<u>                    </u>	<u>                    </u>
Non-GAAP Budgetary Basis	\$ (4,419,504)	\$ (947,877)
Basis Difference:		
Net Adjustment for Revenue Accruals	3,321,195	298,339
Net Adjustment for Expenditure Accruals	2,214,743	1,468,662
Net Adjustment for Other Financing Sources	<u>(1,526,203)</u>	<u>566,916</u>
GAAP Basis	<u>\$ (409,769)</u>	<u>\$ 1,386,040</u>

**NOTE 4—DEPOSITS AND INVESTMENTS**

For reporting purposes, "Equity with County Treasurer" is defined as cash on hand, demand deposits and investments held in the County treasury.

Moneys held by the County are classified by state statute into two categories. Active monies are public monies determined to be necessary to meet current demands on the treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or able to be withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**Legal Requirements**

Monies held by the County which are not considered active are classified as inactive. Inactive monies are permitted to be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts.
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 4—DEPOSITS AND INVESTMENTS (Continued)**

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
8. Up to 25 percent of the County's total average portfolio in either of the following investments:
  - a. High grade commercial paper when the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation, and the notes mature not later than 180 days after purchase.
  - b. Banker acceptances of banks insured by the FDIC when the obligations are eligible for purchase by the Federal Reserve System and mature not later than 180 days after purchase.
9. Written repurchase agreements in the securities described in division (1) or (2) provided that the market value of the agreement exceed its cost by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County.

The County will purchase its investments only through an approved broker/dealer or institution. Payment for investments may be made only upon delivery of the securities representing the investment to the Treasurer, or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The County's deposits include amounts held in demand accounts and savings accounts. For the year ended December 31, 2005, the carrying amount of the ADAMH Board's deposits was \$17,478,845. Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the County Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.



**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 5—CAPITAL ASSETS**

Governmental capital asset activity for the year ended December 31, 2005, was as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciated assets:				
Land	\$ 310,227	\$ -	\$ (74,114)	\$ 236,113
Capital assets, being depreciated				
Buildings and improvements	3,877,258	-	(694,014)	3,183,244
Machinery & Equipment	168,343	-	-	168,343
Total	<u>4,045,601</u>	<u>-</u>	<u>(694,014)</u>	<u>3,351,587</u>
Less accumulated depreciation for:				
Buildings and improvements	(991,521)	(81,165)	239,108	(833,578)
Machinery & Equipment	(106,649)	(33,112)	-	(139,761)
Total	<u>(1,098,170)</u>	<u>(114,277)</u>	<u>239,108</u>	<u>(973,339)</u>
Total capital assets net	<u>\$ 3,257,658</u>	<u>\$ (114,277)</u>	<u>\$ (529,020)</u>	<u>\$ 2,614,361</u>

All depreciation expense is charged to general government expense on the government-wide financial statements.

**NOTE 6—CAPITALIZED LEASES—LESSEE DISCLOSURE**

During prior years, the ADAMH Board entered into capitalized leases for copiers. These lease agreements meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as general government function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized. These amounts represent the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments for the year ended December 31, 2005 totaled \$32,942 as paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of December 31, 2005:

Year ended December 31,	Copiers
2006	27,407
Total minimum lease payments	<u>27,407</u>
Less: amount represent interest	(1,382)
Present value of minimum lease payments	<u>\$ 26,025</u>

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 7—LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
General Obligation Bonds	\$ 210,000	\$ -	\$ (35,000)	\$ 175,000	\$ 35,000
Capital Leases	58,967	-	(32,942)	26,025	26,025
Compensated Absences	319,409	164,350	(48,607)	435,152	44,749
<b>Total</b>	<u>\$ 588,376</u>	<u>\$ 164,350</u>	<u>\$ (116,549)</u>	<u>\$ 636,177</u>	<u>\$ 105,774</u>

**General Obligation Bonds**

In 1986, the Franklin County Commissioners authorized the issuance of \$795,000 in general obligation bonds at 7.375% of which the proceeds were used to purchase the building the ADAMH Board currently occupies. The ADAMH Board is obligated to retire the debt and will acquire title to the building once the debt is retired.

Interest payments on the general obligation bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2010.

The following is a schedule of the future principal and interest payments required for the repayment of the general obligation bonds as of December 31, 2005.

<u>For the year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 35,000	\$ 12,906	\$ 47,906
2007	35,000	10,325	45,325
2008	35,000	7,744	42,744
2009	35,000	5,163	40,163
2010	<u>35,000</u>	<u>2,581</u>	<u>37,581</u>
<b>Totals</b>	<u>\$ 175,000</u>	<u>\$ 38,719</u>	<u>\$ 213,719</u>

**Compensated Absences**

Employees earn paid vacation benefits determined according to the total number of years of service with the ADAMH Board. Employees are allowed to accumulate no more vacation leave than the amount earned in three years of service at the applicable rate based on the employee's anniversary date. Any benefits accumulated in excess of that amount will be eliminated from the employee's vacation leave balance. Upon separation, employees are paid for all accumulated, unused vacation leave balance, provided they have given the required notice of termination.

At December 31, 2005, the compensated absences liability totaled \$435,152, an increase of \$115,743 from the previous twelve-month period. The portion of the compensated absences liability attributed to vacation and sick leave was \$259,088 and \$176,064, respectively. The compensated absences will be paid from the funds in which the salaries are paid.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 8—RISK MANAGEMENT**

The ADAMH Board is a major fund of Franklin County, Ohio and participates in its risk-financing funds. The County is exposed to various risks of loss related to torts and general liability; theft of, damage to and destruction of assets; natural disasters; errors and omissions; certain employees' medical and dental claims; and injuries to employees. Insurance policies are procured for buildings and contents, County-owned equipment, steam boilers, and machinery. In addition, a Money and Securities Policy is in effect for all County employees. Settled claims have not exceeded commercial coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year. The County has elected to retain risk for losses related to torts and general liability, employee health-care claims, and employee injuries rather than insuring those risks through a third-party.

Chapter 340 of the Ohio Revised Code "limits the liability of community mental health board members and employees from action taken within the scope of official duties and employment." It expands the ADAMH Board's authority to indemnify board members and employees against damages, unless the ADAMH Board members' or employees' action constitutes willful or wanton misconduct. Although the law clearly indemnifies Board members and staff, additional director's and officer's liability insurance for Board members and professional liability coverage for staff has been obtained.

A periodic review of the ADAMH Board's scope of activities is performed and a risk profile is made available to insurance companies and our agent. This risk profile is used to obtain premium bids by our agents. There has been no significant reduction in coverage from the prior year, nor has the ADAMH Board experienced any settled claims.

**NOTE 9—CONTINGENT LIABILITIES**

The ADAMH Board has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the ADAMH Board believes such disallowances, if any, will be immaterial.

In recognition of the risk inherent in its operations, the ADAMH Board has designated a portion of its general fund balance (analogous in the insurance industry to a catastrophe fund) to absorb financial shortfalls, whether temporary or permanent.

The designation exists to help the ADAMH Board meet its statutory and contractual responsibilities in the event that the cost for client related services exceed available revenues. These shortfalls can come about because of discontinued funding for a specific program, reductions in funding from selected services or over-runs in cost.

Using historical financial data, a financial model was constructed and variances in key risk areas were identified, summarized and put in the context of a fund balance requirement. The risks identified were summarized into these categories:

- Cash Flow
- Client Related Risk
- Revenue Risk

The recommended fund balance designation requirement was developed as a percentage of total client service related cost. These percentages, separately identified for each component, were then converted to a dollar amount for the current operating year identifying a minimum level, optimal level and maximum level. At December 31, 2005 the Board designated \$2,261,271 for possible future financial shortfalls.

**Litigation**

The ADAMH Board is involved in no material litigation as either plaintiff or defendant.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 10—DEFINED BENEFIT PENSION PLANS**

***A. Ohio Public Employees Retirement System***

All full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan (TP)—a cost-sharing multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD)—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 thereon.
3. The Combined Plan (CO)—a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by the OPERS to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan.

The 2005 member contribution rate for County employees was 8.5% of covered payroll. The ADAMH Board's employer contribution rate for 2005 was 13.55 percent of covered payroll. The ADAMH Board's required contributions to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$600,222, \$603,904, and \$588,759, respectively. The full amount has been contributed for each year and includes employees 5% pick up share.

***Ohio Public Employees Retirement System***

OPERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2005 employer contribution rate for local government employers was 13.55% of covered payroll and 4.00% was the portion that was used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The ADAMH Board's contribution actually made to fund postemployment benefits was \$129,428.

The Traditional Pension and Combined Plans had 376,109 active contributing participants as of December 31, 2005. The number of active contributing participants for both plans used in the December 31, 2004 (the latest information available), actuarial valuation was 355,287.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**NOTE 10—DEFINED BENEFIT PENSION PLANS (Continued)**

The rates stated in Section A (above) are the actuarially determined contribution requirements for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portion of your employer contributions that was used to fund post-employment benefits can be approximated by multiplying actual employer contributions by .3005 for state employers, .2952 for local government employers, and .2395 for both law enforcement and public safety employers.

The amount of \$10.8 billion represents the actuarial value of OPERS' net assets available for OPEB payments at December 31, 2006. The Actuarial Valuation as of December 31, 2004 (the latest information available), reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on the actuarial cost method used, at \$29.5 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**NOTE 11—RELATED PARTY TRANSACTIONS**

The ADAMH Board is reported as a major fund of Franklin County, the primary government. Franklin County provides facilities, certain equipment, and significant interfund transactions exist between the ADAMH Board and Franklin County.

**NOTE 12—INTERFUND TRANSACTIONS**

Interfund balances at December 31, 2005 as reported on the fund financial statements, consist of the following amounts due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 98,867
	State Mental Health	
General	Alcohol and Drug	141,018
State Mental Health		
Alcohol and Drug	General	103,809
State Mental Health		
Alcohol and Drug	Nonmajor governmental funds	106,154
Nonmajor governmental funds	General	10,434

The primary purpose of "due to/from other funds" is to present lending/borrowing arrangements outstanding and unpaid. These amounts are eliminated on the government-wide financial statements.

## **SUPPLEMENTAL DATA**

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

FEDERAL GRANTOR/SUB GRANTOR/PROGRAM TITLE	CFDA NUMBER	PASS- THROUGH GRANT NUMBER	(A), (C) FEDERAL CASH RECEIPTS	(A), (C) CASH FEDERAL DISBURSE- MENTS
<b>U.S. DEPARTMENT OF JUSTICE PASSED THROUGH THE OHIO OFFICE OF CRIMINAL JUSTICE SERVICES:</b>				
Edward Byrne Memorial State and Local Law Enforcement Grants Program	16.580	N/A	\$ 37,099	\$ 44,862
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>37,099</u>	<u>44,862</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF DRUG AND ALCOHOL SERVICES:</b>				
(B) Safe and Drug-Free Schools and Communities: State Grants	84.186	N/A	297,418	275,164
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>297,418</u>	<u>275,164</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL HEALTH:</b>				
(B) Public Health and Social Services Emergency Fund	93.003	N/A	20,671	20,671
(B) Projects for Assistance in Transition from Homelessness	93.150	N/A	461,620	466,620
(B) Promoting Safe and Stable Families	93.556	N/A	217,557	157,252
(B) Social Services Block Grant	93.667	N/A	800,964	654,497
(B) State Children's Insurance Program	93.767	N/A	2,530,816	2,140,089
(B) Medical Assistance Program	93.778	N/A	23,745,344	24,556,036
(B) Block Grants for Community Mental Health Services	93.958	N/A	1,501,779	1,496,858
<b>Total Ohio Department of Mental Health</b>			<u>29,278,751</u>	<u>29,492,023</u>
<b>PASSED THROUGH THE OHIO DEPARTMENT OF DRUG AND ALCOHOL ADDICTION SERVICES</b>				
(B) State Children's Insurance Program	93.767	N/A	903,430	766,134
(B) Medical Assistance Program	93.778	N/A	3,954,782	4,223,229
(B) Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	6,218,065	5,806,503
<b>Total Ohio Department of Drug and Alcohol Addiction Services</b>			<u>11,076,277</u>	<u>10,795,866</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>40,355,028</u>	<u>40,287,889</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 40,689,545</u>	<u>\$ 40,607,915</u>

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

(B)—The ADAMH Board passed-through to local governments or not-for-profit agencies (subrecipients) certain federal assistance received by the Board from the pass-through entity. The ADAMH Board records expenditures of federal awards when paid. Under OMB A-133, the ADAMH Board is responsible for monitoring subrecipients to help assure that federal awards are expended for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements. The following identifies the total amounts of federal assistance provided to subrecipients by the ADAMH Board for each federal program as summarized below:

Program Title	CFDA NUMBER	Amounts Provided to Subrecipients
Edward Byrne Memorial Grants Program	16.580	44,862
Safe and Drug-Free Schools and Communities: State Grants	84.186	275,164
Projects for Assistance in Transition from Homelessness	93.150	466,620
Social Services Block Grant	93.667	654,497
State Children's Insurance Program	93.767	2,906,223
Medical Assistance Program	93.778	28,779,265
Block Grants for Community Mental Health Services	93.958	1,496,858
Block Grants for Prevention and Treatment of Substance Abuse	93.959	5,806,503

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

N/A—A pass-through number was not provided for these awards.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Alcohol, Drug and Mental Health Board  
of Franklin County  
447 E. Broad Street  
Columbus, Ohio 43215

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcohol, Drug and Mental Health Board of Franklin County, Ohio, (the "ADAMH Board"), as of and for the year ended December 31, 2005, which collectively comprise the ADAMH Board's basic financial statements and have issued our report thereon dated April 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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




Board of Trustees  
Alcohol, Drug and Mental Health Board of Franklin County

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the ADAMH Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
April 19, 2006



**Julian & Grube, Inc.**  
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**Report on Compliance With Requirements Applicable to Its  
Major Federal Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

Board of Trustees  
Alcohol, Drug and Mental Health Board  
of Franklin County  
447 E. Broad Street  
Columbus, Ohio 43215

Compliance

We have audited the compliance of Alcohol, Drug and Mental Health Board of Franklin County, Ohio, (the "ADAMH Board") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2005. The ADAMH Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program are the responsibility of the ADAMH Board's management. Our responsibility is to express an opinion on the ADAMH Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the ADAMH Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the ADAMH Board's compliance with those requirements.

Board of Trustees  
Alcohol, Drug and Mental Health Board of Franklin County

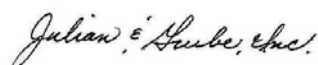
In our opinion, the ADAMH Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the ADAMH Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the ADAMH Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of internal control over compliance would not necessarily disclose all matters in the internal control that might be a material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a certain matter involving the internal control over compliance and its operation that we have reported to the management of ADAMH Board in a separate letter dated April 19, 2006.

This report is intended solely for the information of the audit committee, management, and the Board of Trustees, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.  
April 19, 2006

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2005**

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

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Medical Assistance Program, CFDA 93.778
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$1,218,237 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2005**

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2004-ADAMH-001	In part, Alcohol, Drug and Mental Health Boards must request federal grant funds from the Ohio Department of Drug and Alcohol Addiction Services (ODADAS) on a reimbursement basis an/or projected expenses not to exceed thirty (30) days in advance. Due to the four week processing time an advance of the month to follow will be permitted by ODADAS.	Yes	N/A



**Auditor of State  
Betty Montgomery**

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800-282-0370  
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**ADAMH BOARD OF FRANKLIN COUNTY**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 13, 2006**