



Dave Yost • Auditor of State



**TRI-COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Tri-County Alcohol, Drug Addiction, and Mental Health Services Board  
Of Mercer, Van Wert and Paulding Counties  
Mercer County  
1054 South Washington Street, Suite A  
P. O. Box 269  
Van Wert, Ohio 45891

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert and Paulding Counties, Mercer County, (the Board), as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert and Paulding Counties, Mercer County, as of June 30, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Mental Health State, Mental Health Federal, and Alcohol/Drug Federal Funds for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2011, the Board adopted the provisions of Governmental Accounting Standards Board Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2011, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Board's basic financial statements taken as a whole. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

December 7, 2011

**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF VAN WERT, MERCER AND PAULDING COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED**

This discussion and analysis of the Tri County Alcohol, Drug Addiction and Mental Health Services Board of Van Wert, Mercer and Paulding Counties (the Board) financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2011, within the limitations of the Board's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Board's financial performance.

**Highlights**

Key highlights for Fiscal Year 2011 are as follows:

- Net assets Increased \$ 318,346.
- The Board's general receipts accounted for \$1,745,414 in receipts or approximately 27% of all receipts. Program specific receipts in the form of operating grants and contributions accounted for \$4,762,805 or approximately 73% of total receipts of \$6,508,219.
- The Board had \$6,189,873 in disbursements, of which \$ 5,760,798 was for mental health and dependency rehabilitation contract services.

**Using this Annual Financial Report**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement Nos. 34 and 54, as applicable to the Board's cash basis of accounting. This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Tri County ADAMHS Board as a financial whole, and entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. Governmental financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending.

**Reporting the Board as a Whole**

**Statement of Net Assets–Cash Basis and Statement of Activities–Cash Basis**

While this document contains information used by the Board to provide programs and services for its service area, the view of the Board as a whole looks at all the financial transactions and asks the question, "How did we do financially during the fiscal year 2011?" The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer this question. These two statements report the Board's net assets and changes in those assets.

This change in net assets is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished.

The causes of this change may be the result of many factors, some financial, some not.

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

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

**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF VAN WERT, MERCER AND PAULDING COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**Reporting the Board's Governmental Financial Statements**

**Governmental Financial Statements**

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

**The Board as a Whole**

Table 1 provides a summary of the Board's net assets for Fiscal Year 2011 compared to Fiscal Year 2010.

**Table 1  
Net Assets - Cash Basis**

	<b>Governmental Activities</b>	
	<b>FY2011</b>	<b>FY2010</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash equivalents	\$1,430,619	\$1,112,273
Total Assets	1,430,619	1,112,273
<b>Net Assets:</b>		
Restricted	475,078	527,728
Unrestricted	955,541	584,545
Total Net Assets	<u>\$1,430,619</u>	<u>\$1,112,273</u>

As shown in table 1, the Board's total assets increased by \$318,346 from Fiscal Year 2010 to Fiscal Year 2011.

Table 2 reflects the changes in net assets in Fiscal Year 2011 as compared to Fiscal Year 2010.

	<b>Governmental Activities FY2011</b>	<b>Governmental Activities FY2010</b>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Operating Grants and Contributions	\$4,762,805	\$4,262,855
Total Program Receipts	4,762,805	4,262,855
<b>General Receipts:</b>		
Property and Other Local Taxes	1,310,885	1,304,358
Entitlements	350,261	347,530
Other	84,268	101,624
Total General Receipts	1,745,414	1,753,512
Total Receipts	<u>6,508,219</u>	<u>6,016,367</u>
<b>Disbursements:</b>		
Mental Health and Dependency Rehabilitation	6,189,873	5,768,042
Total Disbursements	<u>6,189,873</u>	<u>5,768,042</u>
Net Change in Assets	<u>\$ 318,346</u>	<u>\$ 248,325</u>



**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF VAN WERT, MERCER AND PAULDING COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

In Fiscal Year 2011, approximately 73% of the Board's total receipts consisted of Program specific receipts in the form of operating grants and contributions.

Of the Program specific receipts, 80% were for Mental Health programs, and the remaining 20% were for Alcohol and Drug rehabilitation programs.

In Fiscal Year 2011, 93% of the Board's cash disbursements were for client specific services or needs.

**Governmental Activities**

The Statement of Activities – Cash Basis shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 show the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by the property tax receipts and unrestricted state entitlements.

**Table 3  
Governmental Activities**

	<b>Total Cost Of Services FY2011</b>	<b>Net Cost of Services FY2011</b>	<b>Total Cost Of Services FY2010</b>	<b>Net Cost of Services FY2010</b>
<b>Mental Health and Dependency Rehabilitation:</b>				
Salaries	\$ 201,692	\$ 201,692	\$ 191,553	\$ 191,553
Supplies	4,470	4,470	7,000	7,000
Equipment	9,045	9,045	24,488	24,488
Grants	5,760,798	997,993	5,337,545	1,074,690
Contract Services	40,585	40,585	38,405	38,405
Rentals	19,890	19,890	25,293	25,293
Advertising and Printing	2,532	2,532	1,562	1,562
Travel and Expenses	6,584	6,584	7,086	7,086
Public Employees Retirement	48,034	48,034	45,861	45,861
Workers Compensation	4,716	4,716	5,000	5,000
Other Expenses	91,527	91,527	84,249	84,249
<b>Total Disbursements</b>	<b><u>\$6,189,873</u></b>	<b><u>\$1,427,068</u></b>	<b><u>\$5,768,042</u></b>	<b><u>\$1,505,187</u></b>

**The Board's Governmental Financial Statements**

The Board's governmental financial statements are accounted for using the cash basis of accounting. The governmental financial statements had total receipts of \$6,508,219 and disbursements of \$6,189,873 excluding advances.

**Budgeting Highlights**

The Board's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During Fiscal Year 2011, the Board amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The few significant changes between the original and the final budget were due to changes in funding implemented by the State Departments.

**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF VAN WERT, MERCER AND PAULDING COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
UNAUDITED  
(Continued)**

**Current Issues**

The challenge for all Boards is to provide quality services to the public while staying within the restrictions imposed by limited funding. We rely heavily on local taxes and have very little ways of generating other receipts. With the Board's depleted fund balance, along with the State's economic outlook, the Board will face many challenges in trying to maintain the level of service previously provided and maintaining a balanced Fiscal Year 2012 budget. In this effort, the Board must continue to closely monitor the current revenues and expenditures. We hope that this continued vigilance will help preserve the Mental Health and Alcohol and Drug Addiction services at the level the citizens within our area have received in the past.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers and providers with a general overview of the Board's finances and to show the Board's accountability for the monies it receives. If you have any question about this report or need additional financial information, contact Keith Turvy, Executive Director, at Tri County ADAMHS Board, P.O. Box 269, Van Wert, Ohio 45891

**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT, AND PAULDING COUNTIES  
MERCER COUNTY**

**STATEMENT OF NET ASSETS - CASH ASSETS  
JUNE 30, 2011**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,430,619
Total Assets	<u>1,430,619</u>
<b>Net Assets:</b>	
Restricted Assets	475,078
Unrestricted Assets	955,541
Total Net Assets	<u>\$1,430,619</u>

*See accompanying notes to the basic financial statements.*

**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT, AND PAULDING COUNTIES  
MERCER COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2011**

	<u>Cash</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts</u>
	<u>Disbursements</u>	<u>Operating Grants</u>	<u>and Changes in Net Assets</u>
		<u>and Contributions</u>	<u>Governmental</u>
			<u>Activities</u>
<b>Governmental Activities:</b>			
<b>Mental Health and Dependency Rehabilitation</b>			
Salaries	\$201,692		(\$201,692)
Supplies	4,470		(4,470)
Equipment	9,045		(9,045)
Grants	5,760,798	\$4,762,805	(997,993)
Contract Services	40,585		(40,585)
Rentals	19,890		(19,890)
Advertising and Printing	2,532		(2,532)
Travel and Expenses	6,584		(6,584)
Public Employee's Retirement	48,034		(48,034)
Workers Compensation	4,716		(4,716)
Other Expenses	91,527		(91,527)
Total Governmental Activities	<u>\$6,189,873</u>	<u>4,762,805</u>	<u>(1,427,068)</u>
<b>General Receipts:</b>			
Property Taxes Levied for General Purposes			1,310,885
Entitlements (intergovernmental revenue)			350,261
Other			84,268
Total General Receipts			<u>1,745,414</u>
Change in Net Assets			<u>318,346</u>
Net Assets Beginning of Year			<u>1,112,273</u>
Net Assets End of Year			<u>\$1,430,619</u>

See accompanying notes to the basic financial statements.

**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT, AND PAULDING COUNTIES  
MERCER COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Assets:</b>	<b>General</b>	<b>Mental Health State</b>	<b>Mental Health Federal</b>	<b>Alcohol Drug Federal</b>	<b>Other Governmental</b>	<b>Total</b>
Equity in Pooled Cash and Cash Equivalents	\$955,541	\$114,966	\$233,031	\$76,979	\$50,102	\$1,430,619
<b>Total Assets</b>	<b>955,541</b>	<b>114,966</b>	<b>233,031</b>	<b>76,979</b>	<b>50,102</b>	<b>1,430,619</b>
<b>Fund Balance:</b>						
<b>General Fund:</b>						
Restricted		14,966	58,031	1,979	102	75,078
Committed	100,000	100,000	175,000	75,000	50,000	500,000
Assigned	353,347					353,347
Unassigned	502,194					502,194
<b>Total Cash Basis Fund Balance</b>	<b>\$955,541</b>	<b>\$114,966</b>	<b>\$233,031</b>	<b>\$76,979</b>	<b>\$50,102</b>	<b>\$1,430,619</b>

See accompanying notes to the basic financial statements.

**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT, AND PAULDING COUNTIES  
MERCER COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Mental Health State</u>	<u>Mental Health Federal</u>	<u>Alcohol/Drug Federal</u>	<u>Other Governmental</u>	<u>Total</u>
<b>Receipts:</b>						
Taxes	\$1,310,885					\$1,310,885
Grants		\$1,522,609	\$2,294,015	\$678,588	\$267,593	4,762,805
Intergovernmental	350,261					350,261
Other	84,268					84,268
<b>Total Receipts</b>	<u>1,745,414</u>	<u>1,522,609</u>	<u>2,294,015</u>	<u>678,588</u>	<u>267,593</u>	<u>6,508,219</u>
<b>Disbursements:</b>						
Salaries	164,692				37,000	201,692
Supplies	4,470					4,470
Equipment	9,045					9,045
Grants	982,343	1,547,046	2,334,149	666,015	231,245	5,760,798
Contract Services	40,585					40,585
Rentals	19,890					19,890
Advertising and Printing	2,532					2,532
Travel and Expenses	6,584					6,584
Public Employee's Retirement	48,034					48,034
Workers Compensation	4,716					4,716
Other	91,527					91,527
<b>Total Disbursements</b>	<u>1,374,418</u>	<u>1,547,046</u>	<u>2,334,149</u>	<u>666,015</u>	<u>268,245</u>	<u>6,189,873</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Advances-In	400,000	100,000	175,000	75,000	50,000	800,000
Advances-Out	(400,000)	(100,000)	(175,000)	(75,000)	(50,000)	(800,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
<b>Net Change in Fund Balance</b>	<u>370,996</u>	<u>(24,437)</u>	<u>(40,134)</u>	<u>12,573</u>	<u>(652)</u>	<u>318,346</u>
<b>Fund Balances Beginning of Year</b>	<u>584,545</u>	<u>139,403</u>	<u>273,165</u>	<u>64,406</u>	<u>50,754</u>	<u>1,112,273</u>
<b>Fund Balances End of Year</b>	<u>\$955,541</u>	<u>\$114,966</u>	<u>\$233,031</u>	<u>\$76,979</u>	<u>\$50,102</u>	<u>\$1,430,619</u>

See accompanying notes to the basic financial statements.

**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT, AND PAULDING COUNTIES  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Taxes	\$1,251,500	\$1,269,500	\$1,310,885	\$41,385
Intergovernmental	288,500	370,500	350,261	(20,239)
Other Board Receipts	100,000	80,000	84,268	4,268
Total Receipts	<u>1,640,000</u>	<u>1,720,000</u>	<u>1,745,414</u>	<u>25,414</u>
<b>Disbursements:</b>				
Salaries	203,500	166,500	164,692	1,808
Supplies	7,000	7,000	4,470	2,530
Equipment	12,500	12,500	10,035	2,465
Grants	1,282,081	1,444,476	1,330,281	114,195
Contracts-Services	40,000	40,000	40,585	(585)
Rentals	23,868	23,868	23,868	
Advertising and Printing	3,400	3,400	2,532	868
Travel and Expenses	9,800	9,800	6,584	3,216
Public Employee's Retirement	53,071	53,070	48,034	5,036
Workers Compensation	5,500	5,500	4,716	784
Other	104,403	104,404	91,968	12,436
Total Cash Disbursements	<u>1,745,123</u>	<u>1,870,518</u>	<u>1,727,765</u>	<u>142,753</u>
Excess of Receipts Over (Under) Disbursements	<u>(105,123)</u>	<u>(150,518)</u>	<u>17,649</u>	<u>168,167</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			400,000	400,000
Advances Out			(400,000)	(400,000)
Total Other Financing Sources (Uses)			<u>                    </u>	<u>                    </u>
Net Change in Fund Balance	(105,123)	(150,518)	17,649	168,167
Fund Balance Beginning of Year	467,923	467,923	467,923	
Prior Year Encumbrances Appropriated	<u>116,622</u>	<u>116,622</u>	<u>116,622</u>	
Fund Balance End of Year	<u>\$479,422</u>	<u>\$434,027</u>	<u>\$602,194</u>	<u>\$168,167</u>

See accompanying notes to the basic financial statements.

**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT, AND PAULDING COUNTIES  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS - MENTAL HEALTH STATE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Grants	\$1,270,822	\$1,522,609	\$1,522,609	
Total Receipts	<u>1,270,822</u>	<u>1,522,609</u>	<u>1,522,609</u>	
<b>Disbursements:</b>				
Salaries				
Supplies				
Equipment				
Grants	1,309,229	1,561,016	1,561,016	
Contracts-Services				
Rentals				
Public Employee's Retirement				
Workers Compensation				
Other				
Total Cash Disbursements	<u>1,309,229</u>	<u>1,561,016</u>	<u>1,561,016</u>	
Excess of Receipts Over (Under) Disbursements	<u>(38,407)</u>	<u>(38,407)</u>	<u>(38,407)</u>	
<b>Other Financing Sources (Uses):</b>				
Advances In			100,000	\$100,000
Advances Out			(100,000)	(100,000)
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(38,407)	(38,407)	(38,407)	
Fund Balance Beginning of Year	100,996	100,996	100,996	
Prior Year Encumbrances Appropriated	<u>38,407</u>	<u>38,407</u>	<u>38,407</u>	
Fund Balance End of Year	<u>\$100,996</u>	<u>\$100,996</u>	<u>\$100,996</u>	<u>\$0</u>

*See accompanying notes to the basic financial statements.*



**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT, AND PAULDING COUNTIES  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS - MENTAL HEALTH FEDERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		<u>(Unfavorable)</u>
<b>Receipts:</b>				
Grants	\$2,072,983	\$2,581,812	\$2,294,015	(\$287,797)
Total Receipts	<u>2,072,983</u>	<u>2,581,812</u>	<u>2,294,015</u>	<u>(287,797)</u>
<b>Disbursements:</b>				
Grants	2,072,984	2,581,813	2,563,813	18,000
Total Disbursements	<u>2,072,984</u>	<u>2,581,813</u>	<u>2,563,813</u>	<u>18,000</u>
Excess of Receipts Over (Under) Disbursements	<u>(1)</u>	<u>(1)</u>	<u>(269,798)</u>	<u>(269,797)</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			175,000	175,000
Advances Out			(175,000)	(175,000)
Total Other Financing Sources (Uses)				
Changes in Fund Balance	(1)	(1)	(269,798)	(269,797)
Fund Balance Beginning of Year	273,165	273,165	273,165	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$273,164</u>	<u>\$273,164</u>	<u>\$3,367</u>	<u>(\$269,797)</u>

*See accompanying notes to the basic financial statements.*

**TRI COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT, AND PAULDING COUNTIES  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS - ALCOHOL/DRUG FEDERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Grants	\$710,305	\$815,208	\$678,588	(\$136,620)
Total Receipts	<u>710,305</u>	<u>815,208</u>	<u>678,588</u>	<u>(136,620)</u>
<b>Disbursements:</b>				
Grants	710,305	815,208	750,377	64,831
Total Cash Disbursements	<u>710,305</u>	<u>815,208</u>	<u>750,377</u>	<u>64,831</u>
Excess of Receipts Over (Under) Disbursements			<u>(71,789)</u>	<u>(71,789)</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			75,000	75,000
Advances Out			<u>(75,000)</u>	<u>(75,000)</u>
Total Other Financing Sources (Uses)				
Changes in Fund Balance			(71,789)	(71,789)
Fund Balance Beginning of Year	64,406	64,406	64,406	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$64,406</u>	<u>\$64,406</u>	<u>(\$7,383)</u>	<u>(\$71,789)</u>

*See accompanying notes to the basic financial statements.*

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**1. DESCRIPTION OF THE ENTITY**

The Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert, and Paulding Counties, (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is required to be directed by an eighteen-member Board. Board members are appointed by The Ohio Department of Mental Health, The Ohio Department of Alcohol and Drug Addiction Services, and the legislative authorities of the political subdivisions making up the Board. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are Mercer, Van Wert, and Paulding Counties. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. These services are provided primarily through contracts with private and public agencies.

Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable for an organization if the Board appoints a voting majority of the organizations' government board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access to organizations' resources; or (3) the 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 Board is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Board in that the Board approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criterion, the Board has no component units.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Board's accounting policies.

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

The statement of net assets presents the cash balance of the governmental activities of the Board at year end. The statement of activities compares disbursements with program receipts for each of the Board's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Board is responsible. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Board's general receipts.

- 2. Fund Financial Statements** - During the year, the Board segregates transactions related to certain Board functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at this more detailed level. The focus of governmental financial statements is on major funds.

**B. Fund Accounting**

The Board uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Board only has one category of funds, which is governmental.

- 1. Governmental Funds**

The Board classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Board's major governmental funds are the General Fund, Mental Health State Fund, Mental Health Federal Fund, and the Alcohol / Drug Federal Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**C. Basis of Accounting**

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

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

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

**D. Cash**

As required by Ohio Revised Code, the Mercer County Treasurer is custodian for the Board's cash. The Board's cash is held in the County's cash and investment pool, and valued at the County Treasurer's carrying amount. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**E. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board members. The legal level of control has been established by the Board at the fund/object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Board. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no net assets restricted by enabling legislation imposed by grantors within Special Revenue Funds at June 30, 2011.

**G. Inventory and Prepaid Items**

The Board reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

**I. Interfund Activity**

The Board reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Board recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**M. Fund Balance**

The Board Assigns or Commits any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The General Fund is comprised of Committed, Assigned and Unassigned funds. The Committed Funds in the General Funds represent funds that have been committed, or set aside, by official Board action for emergency use and are not available for appropriation unless the Board removes the commitment. The Assigned Funds in the General Fund consist of FY2011 encumbrances, or expenses incurred in FY2011, which will be paid in FY2012. The Unassigned General Fund Balance is the portion of the Board's Fund Balance which is available for appropriation in future periods. The Restricted balances in the other Board funds represent funds that have restrictions on expenditures placed on them by The Ohio Department of Mental Health and The Ohio Department of Alcohol and Drug Addiction Services. The Committed balances in the other Board funds represent funds temporarily advanced from the General Fund to these funds in order to pay expenditures in a timely manner. These advanced funds are scheduled to be repaid to the General Fund in Fiscal Year 2012. Encumbrances in the other Board funds are classified either as restricted or assigned depending on the source of funding.

**3. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2011, the Board has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as non-spendable, restricted, committed, assigned, and/or unassigned. The implementation of this Statement did not require any restatement.

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Change in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and each major Special Revenue Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is that outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (cash basis). The adjustments necessary to reconcile the cash and budget basis statements are as follows:

	<b>General</b>	<b>Mental Health State Fund</b>	<b>Mental Health Federal Fund</b>	<b>Alcohol and Drug Federal Fund</b>
Cash Basis	\$955,541	\$114,966	\$233,031	\$76,979
Encumbrances Outstanding	353,347	13,970	229,664	84,362
Budget Basis	<u>\$602,194</u>	<u>\$100,996</u>	<u>\$3,367</u>	<u>(\$7,383)</u>

**5. EQUITY IN POOLED CASH**

The Mercer County Auditor acts as the fiscal agent for the Board and the County Treasurer maintains a cash and investment pool used by all County funds. Because of the nature of the pool all County funds are commingled, the risk involved and the preferential claim of the Board cannot be determined.

The Mercer County Auditor's records indicated the Board's cash balance as of June 30, 2011, was \$1,430,619.

**6. PROPERTY TAX**

Property taxes are levied and assessed on a calendar year basis, while the Board's fiscal year runs from July through June. First-half tax distributions are received by the Board in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year. Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the counties. Real property tax receipts received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**6. PROPERTY TAXES (Continued)**

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received in calendar year 2011 were levied after April 1, 2010, on the value as of December 31, 2010. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Board prior to June 30.

The Board receives property taxes from the Mercer, Van Wert and Paulding Counties. The County Auditors periodically advance to the Board its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2011 taxes were collected are:

<b>Second Half Collections</b>	<b>2011</b>		
	<b>Mercer</b>	<b>Van Wert</b>	<b>Paulding</b>
Real Property			
Residential/Agriculture	\$706,164,540	\$402,466,400	\$249,315,160
Commercial/Industrial/Mineral	89,227,300	52,732,550	30,916,980
Tangible Personal Property	1,869,190	19,908,500	26,530,045
Total Assessed Value	\$797,261,030	\$475,107,450	\$306,762,185
<b>First Half Collections</b>	<b>2010</b>		
	<b>Mercer</b>	<b>Van Wert</b>	<b>Paulding</b>
Real Property			
Residential/Agriculture	\$700,142,600	\$400,733,900	\$244,357,290
Commercial/Industrial/Mineral	90,221,800	52,240,270	32,536,000
Tangible Personal Property	20,352,570	18,808,860	24,274,290
Total Assessed Value	\$810,716,970	\$471,783,030	\$301,167,580

**7. DEFINED BENEFIT PENSION PLAN**

**Plan Description** - The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan.



**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**7. DEFINED BENEFIT PENSION PLAN (Continued)**

Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but less than the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

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

**Funding Policy** – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the years ended December 31, 2011 and December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The Board's contribution rate for the period July 1, 2010 through June 30, 2011 was 14 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For the period July 1, 2010 through December 31, 2010, a portion of the Board's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period January 1 through June 30, 2011, 7 percent was used to fund the post-employment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Board of 14 percent.

The Board's required contributions for pension obligations to the traditional and combined plans for the years ended June 30, 2011, 2010 and 2009 were \$18,152, \$16,282, and \$15,150, respectively; 96 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**8. POST-EMPLOYMENT BENEFITS**

**Plan Description** – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**8. POST-EMPLOYMENT BENEFITS (Continued)**

To qualify for post employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not mandate, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

**Funding Policy** – The post employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement healthcare through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of post employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. Local government employers contributed 14 percent of covered payroll for 2011 and 2010. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare was 5 percent from July 1 through December 31, 2010 and 4 percent from January 1, 2011 through June 30, 2011.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage. Active members do not make contributions to the post-employment health care plan.

The Board’s contributions allocated to fund post-employment healthcare benefits for the fiscal years ended June 30, 2011, 2010 and 2009, were \$9,076, \$10,535, and \$13,609, respectively; 96 percent has been contributed for fiscal year 2011, and 100 percent has been contributed for fiscal years 2010 and 2009.

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

**9. RISK MANAGEMENT**

**Commercial Insurance**

The Board has obtained commercial insurance for the following risks:

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

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**10. LEASE AGREEMENT**

The Board entered into a lease agreement, for a four year term that began July 1, 2009 and expires June 30, 2013, for a building to house the operations of the Board. The lease term beginning July 1, 2009, established the lease rate at \$23,400 for the year to be paid in monthly installments of \$1,950.00; the lease term beginning July 1, 2010, establishes the lease rate at \$23,868 for the year to be paid in monthly installments of \$1,989; the lease term beginning July 1, 2011, establishes the lease rate at \$24,348 for the year to be paid in monthly installments of \$2,029; and the lease term beginning July 1, 2012, establishes the lease rate at \$24,828 for the year to be paid in monthly installments of \$2,069. The lease agreement is subject to renewal at the lessee's option.

**11. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**TRI-COUNTY ALCOHOL DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD  
VAN WERT, MERCER, AND PAULDING COUNTIES  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Year</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Mental Health:</i>			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	2011	\$53,452
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2011	11,000
Social Services Block Grant	93.667	2011	46,875
Block Grants for Community Mental Health Services	93.958	2011	74,199
State Children's Insurance Program	93.767	2011	104,914
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services</i>			
State Children's Insurance Program	93.767	2011	<u>34,063</u>
Total State Children's Insurance Program			<u>138,977</u>
<i>Passed Through Ohio Department of Mental Health:</i>			
Medical Assistance Program	93.778	2011	1,751,845
ARRA Medical Assistance Program	93.778	2011	345,317
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services</i>			
Medical Assistance Program	93.778	2011	85,975
ARRA Medical Assistance Program	93.778	2011	<u>56,541</u>
Total Medical Assistance Program			<u>2,239,678</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services</i>			
Block Grant for Prevention and Treatment of Substance Abuse: Alcohol, Drug and Rehabilitation Block Grant	93.959	2011	239,861
Federal Drug Free Community Grant	93.959	2011	3,045
Women's Set Aside Grant	93.959	2011	86,983
		2011	71,191
		2011	<u>24,614</u>
Total Women's Set Aside Grant			<u>182,788</u>
Youth Led Prevention	93.959	2011	<u>3,562</u>
Total Block Grant for Prevention and Treatment of Substance Abuse			<u>429,256</u>
Total U.S. Department of Health and Human Services			<u>2,993,437</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services</i>			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	2011	<u>6,727</u>
Total U.S. Department of Education			<u>6,727</u>
Total Federal Assistance			<u>\$3,000,164</u>

*The notes to the Schedule of Federal Awards Expenditures are an integral part of this schedule.*

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert and Paulding Counties (the Board's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

Tri-County Alcohol, Drug Addiction, and Mental Health Services Board  
Of Mercer, Van Wert and Paulding Counties  
Mercer County  
1054 South Washington Street, Suite A  
P. O. Box 269  
Van Wert, Ohio 45891

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert and Paulding Counties, Mercer County, (the Board) as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board's basic financial statements and have issued our report thereon dated December 7, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Board's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Board's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and timely corrected.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated December 7, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

December 7, 2011





# Dave Yost • Auditor of State

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

Tri-County Alcohol, Drug Addiction, and Mental Health Services Board  
Of Mercer, Van Wert and Paulding Counties  
Mercer County  
1054 South Washington Street, Suite A  
Post Office Box 269  
Van Wert, Ohio 45891

To the Members of the Board:

### Compliance

We have audited the compliance of the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert and Paulding Counties (the Board) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert and Paulding County's major federal program for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Board's major federal program. The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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

In our opinion, the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2011.

### Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

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

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

We intend this report solely for the information and use of the management, Members of the Board, others within the Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

December 7, 2011

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**TRI COUNTY ALCOHOL DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD OF  
MERCER, VAN WERT AND PAULDING COUNTIES**

**MERCER 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  
JANUARY 17, 2012**