



OHIO AUDITOR OF STATE
KEITH FABER



**TRI-COUNTY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD
OF MERCER, VAN WERT AND PAULDING COUNTIES
MERCER COUNTY
JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

Tri-County Alcohol, Drug Addiction and Mental Health Services Board
Of Mercer, Van Wert and Paulding Counties
Mercer County
1142 Westwood Drive
P.O. Box 269
Van Wert, Ohio 45891

To the Board of Directors:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities and each major fund of the Tri-County Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert and Paulding Counties, Mercer County, Ohio (the Board), as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities and each major fund of the Board, as of June 30, 2023, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the General, Mental Health State, Mental Health Federal, Alcohol/Drug Federal and Alcohol/Drug State funds for the fiscal year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the Board's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2024, 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. The purpose of that report is solely 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 effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 1, 2024

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Tri-County Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert and Paulding Counties
Mercer County
Statement of Net Position - Cash Basis
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$5,336,166
Total Assets	\$5,336,166
 Net Position	
Restricted:	878,948
Unrestricted:	4,457,218
Total Net Position	\$5,336,166

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 Ended June 30, 2023*

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
Governmental Activities:			
Mental Health and Dependency Rehabilitation			
Salaries	\$301,284		(301,284)
Supplies	2,805		(2,805)
Equipment	10,019		(10,019)
Grants	4,518,351	3,025,125	(1,493,226)
Contract Services	46,719		(46,719)
Rentals	29,400		(29,400)
Advertising and Printing	4,127		(4,127)
Travel and Expenses	11,591		(11,591)
Public Employee's Retirement	68,448		(68,448)
Workers Compensation	2,504		(2,504)
Other	141,210		(141,210)
<i>Total Governmental Activities</i>	<u>5,136,458</u>	<u>3,025,125</u>	<u>(2,111,333)</u>
		General Receipts	
		Property Taxes Levied for General Purposes	1,720,907
		Entitlements (intergovernmental revenue)	189,225
		Other	45,767
		Total General Receipts	<u>1,955,899</u>
		Change in Net Position	(155,434)
		<i>Net Position Beginning of Year</i>	<u>5,491,600</u>
		<i>Net Position End of Year</i>	<u>\$5,336,166</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 Cash Basis Assets and Cash Basis Fund Balances - Governmental Funds
June 30, 2023*

Assets	<u>General</u>	<u>Mental Health State</u>	<u>Mental Health Federal</u>	<u>Alcohol/Drug Federal</u>	<u>Alcohol/Drug State</u>	<u>Total</u>
Equity in Pooled Cash and Cash Equivalents	\$4,457,218	\$52,207	\$288,551	\$325,080	\$213,110	\$5,336,166
Total Assets	<u>\$4,457,218</u>	<u>\$52,207</u>	<u>\$288,551</u>	<u>\$325,080</u>	<u>\$213,110</u>	<u>\$5,336,166</u>
Fund Balance						
Restricted		\$52,207	\$288,551	\$325,080	\$213,110	\$878,948
Committed	121,049					121,049
Assigned	629,171					629,171
Unassigned	3,706,998					3,706,998
Total Cash Basis Fund Balance	<u>\$4,457,218</u>	<u>\$52,207</u>	<u>\$288,551</u>	<u>\$325,080</u>	<u>\$213,110</u>	<u>\$5,336,166</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 Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2023*

	<u>General Fund</u>	<u>Mental Health State</u>	<u>Mental Health Federal</u>	<u>Alcohol/Drug Federal</u>	<u>Alcohol/Drug State</u>	<u>Total</u>
Receipts						
Taxes	\$1,720,907					\$1,720,907
Grants		1,062,828	133,652	1,335,888	492,757	3,025,125
Intergovernmental	189,225					189,225
Other	45,767					45,767
Total Receipts	<u>1,955,899</u>	<u>1,062,828</u>	<u>133,652</u>	<u>1,335,888</u>	<u>492,757</u>	<u>4,981,024</u>
Disbursements						
Salaries	301,284					301,284
Supplies	2,805					2,805
Equipment	10,019					10,019
Grants	1,212,143	1,126,712	143,441	1,536,343	499,712	4,518,351
Contract Services	46,719					46,719
Rentals	29,400					29,400
Advertising and Printing	4,127					4,127
Travel and Expenses	11,591					11,591
Public Employee's Retirement	68,448					68,448
Workers Compensation	2,504					2,504
Other	141,210					141,210
Total Disbursements	<u>1,830,250</u>	<u>1,126,712</u>	<u>143,441</u>	<u>1,536,343</u>	<u>499,712</u>	<u>5,136,458</u>
Other Financing Source (Uses):						
Advances-In	200,000	50,000		100,000	50,000	400,000
Advances-Out	(200,000)	(50,000)		(100,000)	(50,000)	(400,000)
Total Other Financing Sources (Uses)						
Net Change in Fund Balance	125,649	(63,884)	(9,789)	(200,455)	(6,955)	(155,434)
Fund Balance Beginning of Year	<u>4,331,569</u>	<u>116,091</u>	<u>298,340</u>	<u>525,535</u>	<u>220,065</u>	<u>5,491,600</u>
Fund Balance End of Year	<u>\$4,457,218</u>	<u>\$52,207</u>	<u>\$288,551</u>	<u>\$325,080</u>	<u>\$213,110</u>	<u>\$5,336,166</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 Cash Receipts, Cash Disbursements and Changes
In Cash Fund Balance - Budget and Actual (Budget Basis) - General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Taxes	\$1,608,000	\$1,608,000	\$1,720,907	\$112,907
Intergovernmental	162,000	162,000	189,225	27,225
Other Board Receipts	45,000	45,000	45,767	767
Total Receipts	1,815,000	1,815,000	1,955,899	140,899
Disbursements				
Salaries	260,000	310,000	301,284	8,716
Supplies	3,300	3,300	2,805	495
Equipment	11,000	11,000	10,019	981
Grants	1,618,282	1,958,565	1,546,551	412,014
Contracts-Services	45,000	45,000	46,719	(1,719)
Rentals	29,400	29,400	29,400	
Advertising and Printing	4,801	4,801	4,302	499
Travel and Expenses	13,500	13,500	11,591	1,909
Public Employee's Retirement	65,000	71,000	68,448	2,552
Workers Compensation	3,000	3,000	2,504	496
Other	149,120	170,620	142,610	28,010
Total Disbursements	2,202,403	2,620,186	2,166,233	453,953
Excess of receipts Over (Under) Disbursements	(387,403)	(805,186)	(210,334)	594,852
Other Financing Sources (Uses)				
Advances In			200,000	200,000
Advances Out			(200,000)	(200,000)
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(387,403)	(805,186)	(210,334)	594,852
Fund Balance Beginning of Year	4,126,384	4,126,384	4,126,384	
Prior Year Encumbrances Appropriated	205,185	205,185	205,185	
Fund Balance End of Year	\$3,944,166	\$3,526,383	\$4,121,235	\$594,852

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, Cash Disbursements and Changes
In Cash Fund Balance - Budget and Actual (Budget Basis) - Mental Health State Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Grants	\$1,395,705	\$1,395,831	\$1,062,828	(\$333,003)
Total Receipts	1,395,705	1,395,831	1,062,828	(333,003)
Disbursements				
Grants	1,558,196	1,558,322	1,161,131	397,191
Total Disbursements	1,558,196	1,558,322	1,161,131	397,191
Excess of receipts Over (Under) Disbursements	(162,491)	(162,491)	(98,303)	64,188
Other Financing Sources (Uses)				
Advances In			50,000	50,000
Advances Out			(50,000)	(50,000)
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(162,491)	(162,491)	(98,303)	64,188
Fund Balance Beginning of Year	26,245	26,245	26,245	
Prior Year Encumbrances Appropriated	89,846	89,846	89,846	
Fund Balance End of Year	(\$46,400)	(\$46,400)	\$17,788	\$64,188

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, Cash Disbursements and Changes
 In Cash Fund Balance - Budget and Actual (Budget Basis) - Mental Health Federal Fund
 For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Grants	\$115,846	\$149,446	\$133,652	(\$15,794)
Total Receipts	115,846	149,446	133,652	(15,794)
Disbursements				
Grants	125,635	159,235	143,441	15,794
Total Disbursements	125,635	159,235	143,441	15,794
Excess of receipts Over (Under) Disbursements	(9,789)	(9,789)	(9,789)	
Fund Balance Beginning of Year	215,905	215,905	215,905	
Prior Year Encumbrances Appropriated	82,435	82,435	82,435	
Fund Balance End of Year	\$288,551	\$288,551	\$288,551	

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, Cash Disbursements and Changes
In Cash Fund Balance - Budget and Actual (Budget Basis) - Alcohol/Drug Federal Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Grants	\$2,039,368	\$1,790,555	\$1,335,888	(\$454,667)
Total Receipts	2,039,368	1,790,555	1,335,888	(454,667)
Disbursements				
Grants	2,442,561	2,193,748	1,739,081	454,667
Total Disbursements	2,442,561	2,193,748	1,739,081	454,667
Excess of receipts Over (Under) Disbursements	(403,193)	(403,193)	(403,193)	
Other Financing Sources (Uses)				
Advances In			100,000	100,000
Advances Out			(100,000)	(100,000)
Total Other Financing Sources (Uses)				
Changes in Fund Balance	(403,193)	(403,193)	(403,193)	
Fund Balance Beginning of Year	122,342	122,342	122,342	
Prior Year Encumbrances Appropriated	403,193	403,193	403,193	
Fund Balance End of Year	\$122,342	\$122,342	\$122,342	

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, Cash Disbursements and Changes
In Cash Fund Balance - Budget and Actual (Budget Basis) - Alcohol/Drug State Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Grants	\$477,757	\$492,757	\$492,757	
Total Receipts	477,757	492,757	492,757	
Disbursements				
Grants	643,714	658,714	658,714	
Total Disbursements	643,714	658,714	658,714	
Excess of receipts Over (Under) Disbursements	(165,957)	(165,957)	(165,957)	
Other Financing Sources (Uses)				
Advances In			50,000	50,000
Advances Out			(50,000)	(50,000)
Total Other Financing Sources (Uses)				
Changes in Fund Balance	(165,957)	(165,957)	(165,957)	
Fund Balance Beginning of Year	54,109	54,109	54,109	
Prior Year Encumbrances Appropriated	165,957	165,957	165,957	
Fund Balance End of Year	\$54,109	\$54,109	\$54,109	

See accompanying notes to the basic financial statements

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**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, 2023**

1. DESCRIPTION OF THE ENTITY

The Tri-County 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 and 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 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 the 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. 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 position 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 position-cash basis and the statement of activities cash-basis 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 nonexchange 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, 2023
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of net position-cash basis presents the cash balance of the governmental activities of the Board at fiscal year end. The statement of activities-cash basis 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 fiscal 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Board has no non-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.

Governmental Funds

The Board classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Board's major governmental funds are the General Fund, Mental Health State Fund, Alcohol/Drug 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.

**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, 2023
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

D. 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". Deposits and investments disclosures for the County as a whole may be obtained from the County.

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 certificate 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 appropriations 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 appropriations amounts passed by the Board during the year.

F. Restricted Assets

Assets 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 assets restricted by enabling legislation imposed by grantors within Special Revenue Funds at June 30, 2023.

**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, 2023
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 6 and 7, the employer contributions include portions for pension benefits and other postemployment benefits (OPEB).

L. Net Position

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

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 committed balance is comprised of \$100,000 for the Tri-County Reserve Fund and \$21,049 for Retirement/Severance Liability Fund. The Assigned Funds in the General Fund consist of fiscal years 2022 and 2023 encumbrances, or expenses incurred in fiscal years 2022 and 2023, which will be paid in fiscal year 2024. 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 Addiction Services.

**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, 2023
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances in the other Board funds are classified as restricted based on the source of funding.

The Board applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Leases and SBITAs

For fiscal year 2023, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The Board is the lessee in various leases related to the building, vehicle and office equipment under noncancelable leases. Lease payables are not reflected under the Board's cash basis of accounting. Lease disbursements are recognized when they are paid.

The Board has entered into a noncancelable SBITA contracts (as defined by GASB 96) for several types of software including contracts related to financial systems, claims billing, and various other software. Subscription liabilities are not reflected under the Board's cash basis of accounting. Subscription disbursements are recognized when they are paid.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Cash 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 disbursements (budget basis) rather than as restricted, committed, or assigned fund balance (cash basis). The adjustments necessary to reconcile the cash and budget basis statements are as follows:

	General Fund	Mental Health State Fund	Mental Health Federal Fund	Alcohol/ Drug Federal Fund	Alcohol/ Drug State Fund
Cash Basis	\$4,457,218	\$52,207	\$288,551	\$325,080	\$213,110
Encumbrances Outstanding	(335,983)	(34,419)		(202,738)	(159,001)
Budget Basis	<u>\$4,121,235</u>	<u>\$17,788</u>	<u>\$288,551</u>	<u>\$122,342</u>	<u>\$54,109</u>

**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, 2023
(Continued)**

4. EQUITY IN POOLED CASH

The Mercer County Auditor acts as the fiscal agent for the Board and the County Treasurer is custodial for the Board's deposits. The County's deposit and investment pool holds the Board's assets, valued at the Treasurer's reported carrying amount.

The Mercer County Auditor's records indicated the Board's cash balance as of June 30, 2023, was \$5,336,166.

5. 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 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after October 1, 2022, on the assessed values as of January 1, 2022, 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 2023 represent the collection of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after October 1, 2022 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.

The Board receives property taxes from 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, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**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, 2023
(Continued)**

5. PROPERTY TAX (Continued)

The assessed values upon which fiscal year 2023 taxes were collected are:

2023

First Half Collections

	Mercer	Van Wert	Paulding
Real Property			
Residential/Agriculture	\$1,067,048,100	\$562,569,270	\$458,438,950
Commercial/Industrial/Mineral	110,225,290	69,639,190	41,432,790
Tangible Personal Property	34,189,300	97,080,970	89,455,320
Total Assessed Value	<u>\$1,211,462,690</u>	<u>\$729,289,430</u>	<u>\$589,327,060</u>

2022

Second Half Collections

	Mercer	Van Wert	Paulding
Real Property			
Residential/Agriculture	\$1,046,963,810	\$558,669,570	\$385,349,240
Commercial/Industrial/Mineral	106,865,170	68,109,540	39,440,890
Tangible Personal Property	33,168,560	89,411,600	84,768,720
Total Assessed Value	<u>\$1,186,997,540</u>	<u>\$716,190,710</u>	<u>\$509,558,850</u>

6. DEFINED BENEFIT PENSION PLAN

Plan Description - The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. 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, 2022 and December 31, 2023, members in state and local classifications contributed 10 percent of covered payroll.

**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, 2023
(Continued)**

6. DEFINED BENEFIT PENSION PLAN (Continued)

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 Fund. For 2023, member and employer contribution rates were consistent across all three plans.

The Board's contribution rate for the period July 1, 2022 through June 30, 2023 was 14 percent. The portion of the employer contributions used to fund pension benefits is net of post-employment health care benefits. For the period July 1, 2022 through June 30, 2023, none of the Board's contribution was allocated to fund the post-retirement healthcare plan for the Traditional Plan. Employer contribution rates are actuarially determined. State statute sets the 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, 2023, 2022, and 2021 were \$47,849, \$37,451, and \$34,995 respectively; 100 percent has been contributed for fiscal year 2023, 2022 and 2021.

7. POST-EMPLOYMENT BENEFITS

Plan Description – The 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.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS financial report referenced below for additional information.

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

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

**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, 2023
(Continued)**

7. POST-EMPLOYMENT BENEFITS

Funding Policy – The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Effective July 1, 2022, OPERS began allocating 2% of the 14% employer contribution rate to healthcare funding for the combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 was 4.0 percent.

The Board’s contributions allocated to fund post-employment healthcare benefits for the fiscal years ended June 30, 2023, 2022, and 2021 were \$0, \$0 and \$0, respectively.

8. RISK MANAGEMENT

Commercial Insurance

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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.

9. LEASE AGREEMENT

The Board entered into a lease agreement, for a two year term that began July 1, 2022 and expires June 30, 2024, for a building to house the operations of the Board. The lease term beginning July 1, 2022, established the lease rate at \$29,400 for the year to be paid in monthly installments of \$2,450; the remaining 1 year of the lease term beginning July 1, 2023, establishes the lease rate at \$29,400 for the year to be paid in monthly installments of \$2,450. The lease agreement is subject to renewal at the lessee’s option.

**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, 2023
(Continued)**

10. 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.

11. COVID-19 PANDEMIC

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. The financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the Board. The impact on the Board's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY				
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$32,000	\$32,000
Total U.S. Department of the Treasury			<u>32,000</u>	<u>32,000</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
Social Services Block Grant	93.667	N/A	46,713	46,713
Opioid STR	93.788	N/A	419,484	769,166
Block Grants for Community Mental Health Services: Community Plan and Forensic Center	93.958	N/A	57,760	64,728
COVID-19 Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	6,665	6,665
Block Grants for Prevention and Treatment of Substance Abuse:	93.959			
Women's Residential		N/A	232,819	232,819
Per Capita / Prevention - SABG		N/A	99,289	99,289
Per Capita / Treatment - SABG		N/A	207,787	356,252
Crisis Infrastructure		N/A	<u>72,152</u>	<u>72,152</u>
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>546,560</u>	<u>767,177</u>
Total U.S. Department of Health and Human Services			<u>1,070,517</u>	<u>1,647,784</u>
Total Expenditures of Federal Awards			<u><u>\$1,070,517</u></u>	<u><u>\$1,679,784</u></u>

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tri-County Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert and Paulding Counties (the Board) under programs of the federal government for the fiscal year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

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

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

NOTE E - MATCHING REQUIREMENTS

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



**INDEPENDENT AUDITOR'S 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
1142 Westwood Drive
P.O. Box 269
Van Wert, Ohio 45891

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities and each major fund 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, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated March 1, 2024, wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from 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 financial statements. 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 1, 2024

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Tri-County Alcohol, Drug Addiction and Mental Health Services Board
of Mercer, Van Wert and Paulding Counties
Mercer County
1142 Westwood Drive
P.O. Box 269
Van Wert, Ohio 45891

To the Board of Directors:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Tri-County Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert and Paulding Counties, Mercer County, (the Board) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Tri-County Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert and Paulding Counties' major federal program for the fiscal year ended June 30, 2023. Tri-County Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert and Paulding Counties' major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Tri-County Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert and Paulding Counties complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Board's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 1, 2024

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Block Grants for Prevention and Treatment of Substance Abuse-AL #93.959
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



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

MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/26/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov