



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Tri-County Alcohol, Drug Addiction and Mental Health Services Board
Mercer, Van Wert and Paulding Counties
1054 South Washington Street, Suite A
Post Office 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 (the Board), as of and for the fiscal year ended June 30, 2009, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, 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, as of June 30, 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Mental Health State, Mental Health Federal, and Alcohol and Drug Federal funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2010, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

February 22, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

This discussion and analysis of the Tri County Alcohol, Drug Addiction and Mental Health Services (ADAMHS) 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, 2009, 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 2009 are as follows:

- Net assets increased \$180,074 primarily the result of an overall reduction of expenditures.
- The Board's general receipts accounted for \$1,544,741 in receipts or approximately 25 percent of all receipts. Program specific receipts in the form of operating grants and contributions accounted for \$4,530,096 or approximately 75 percent of total receipts of \$6,074,837.
- The Board had \$5,894,763 in disbursements, of which \$5,512,849 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 No. 34, 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 2009?" The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer this question. These two statements report the Board's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished. 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. The Board's only program and associated services are reported as governmental activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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 2009 compared to fiscal year 2008.

**Table 1
Net Assets – Cash Basis**

| | Governmental Activities | |
|--|--------------------------------|-------------|
| | 2009 | 2008 |
| Assets | | |
| Equity in Pooled Cash and Cash Equivalents | \$863,948 | \$683,874 |
| Total Assets | 863,948 | 683,874 |
| Net Assets | | |
| Restricted | 352,559 | 276,156 |
| Unrestricted | 511,389 | 407,718 |
| Total Net Assets | \$863,948 | \$683,874 |

As shown in table 1, the Board's total assets increased by \$180,074 from fiscal year 2008 to fiscal year 2009.

Table 2 reflects the changes in net assets in fiscal year 2009 as compared to fiscal year 2008.

**Table 2
Changes in Net Assets**

| | Governmental Activities | |
|---|--------------------------------|--------------|
| | 2009 | 2008 |
| Receipts: | | |
| Program Receipts: | | |
| Capital Grants and Contributions | \$4,530,096 | \$4,659,908 |
| Total Program Receipts | 4,530,096 | 4,659,908 |
| General Receipts: | | |
| Property and Other Local Taxes | 1,207,007 | 921,661 |
| Entitlements | 229,739 | 180,320 |
| Other | 107,995 | 120,509 |
| Total General Receipts | 1,544,741 | 1,222,490 |
| Total Receipts | 6,074,837 | 5,882,398 |
| Disbursements: | | |
| Mental Health and Dependency Rehabilitation | 5,894,763 | 6,401,627 |
| Total Disbursements | 5,894,763 | 6,401,627 |
| Net Change in Assets | \$ 180,074 | (\$ 519,229) |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

In fiscal year 2009, approximately 75 percent of the Board's total receipts consisted of Program specific receipts in the form of operating grants and contributions.

Of the program specific receipts, 78 percent were for Mental Health programs, and the remaining 22 percent were for Alcohol and Drug rehabilitation programs.

In fiscal year 2009, 93 percent 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
Cost of Services**

| | Total Cost Of Services 2009 | Net Cost Of Services 2009 | Total Cost Of Services 2008 | Net Cost Of Services 2008 |
|---|--|--|--|--|
| Mental Health and Dependency Rehabilitation: | | | | |
| Salaries | \$ 205,423 | \$ 205,423 | \$ 223,212 | \$ 223,212 |
| Supplies | 7,000 | 7,000 | 6,086 | 6,086 |
| Equipment | 10,445 | 10,445 | 10,386 | 10,386 |
| Grants | 5,468,331 | 938,235 | 5,931,175 | 1,271,267 |
| Contract Services | 39,796 | 39,796 | 28,565 | 28,565 |
| Rentals | 20,818 | 20,818 | 22,264 | 22,264 |
| Advertising and Printing | 1,527 | 1,527 | 2,426 | 2,426 |
| Travel and Expenses | 7,196 | 7,196 | 8,887 | 8,887 |
| Public Employee's Retirement | 49,088 | 49,088 | 54,547 | 54,547 |
| Workers Compensation | 4,564 | 4,564 | 7,832 | 7,832 |
| Other Expenses | 80,575 | 80,575 | 106,247 | 106,247 |
| Total Disbursements | <u>\$5,894,763</u> | <u>\$1,364,667</u> | <u>\$6,401,627</u> | <u>\$1,741,719</u> |

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 \$6,074,836 and disbursements of \$5,894,763.

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 2009, 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 do to funding cuts implemented by the State Departments thus reducing the Board's funds available to provide services in the Board's catchment area. The other significant change resulted from an increased need for Mental Health Residential stays.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(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, and in some cases shrinking, funding. We rely heavily on local taxes and have very little ways of generating other receipts. With the Board 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 2010 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 Alcohol, Drug Addiction and Mental Health Services 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 BASIS
JUNE 30, 2009**

| | Governmental Activities |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$863,948 |
| Total Assets | <u>863,948</u> |
| | |
| Net Assets | |
| Restricted | 352,559 |
| Unrestricted | 511,389 |
| Total Net Assets | <u>\$863,948</u> |

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

**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, 2009**

| | <u>Cash</u> <u>Disbursements</u> | <u>Program</u> <u>Cash Receipts</u> <u>Operating Grants</u> <u>and Contributions</u> | <u>Net</u> <u>(Disbursements)</u> <u>Receipts</u> <u>and Changes</u> <u>in Net Assets</u> |
|---|-------------------------------------|---|---|
| Governmental Activities: | | | |
| Mental Health and Dependency Rehabilitation | | | |
| Salaries | \$205,423 | | (\$205,423) |
| Supplies | 7,000 | | (7,000) |
| Equipment | 10,445 | | (10,445) |
| Grants | 5,468,331 | \$4,530,096 | (938,235) |
| Contract - Services | 39,796 | | (39,796) |
| Rentals | 20,818 | | (20,818) |
| Advertising and Printing | 1,527 | | (1,527) |
| Travel and Expenses | 7,196 | | (7,196) |
| Public Employee's Retirement | 49,088 | | (49,088) |
| Workers Compensation | 4,564 | | (4,564) |
| Other Expenses | 80,575 | | (80,575) |
| Total Governmental Activities | <u>\$5,894,763</u> | <u>\$4,530,096</u> | <u>(1,364,667)</u> |
| General Receipts | | | |
| Property Taxes Levied for General Purposes | | | 1,145,204 |
| Homestead/Rollback and Entitlements | | | 291,542 |
| Other | | | 107,995 |
| Total General Receipts | | | 1,544,741 |
| Change in Net Assets | | | 180,074 |
| Net Assets Beginning of Year | | | 683,874 |
| Net Assets End of Year | | | <u>\$863,948</u> |

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

**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
JUNE 30, 2009**

| | <u>General</u> | <u>Mental Health State</u> | <u>Mental Health Federal</u> | <u>Alcohol Drug Federal</u> | <u>Other Governmental</u> | <u>Total</u> |
|---|------------------|------------------------------------|--------------------------------------|-------------------------------------|-------------------------------|------------------|
| Cash Basis Assets: | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$511,389 | \$118,367 | \$101,052 | \$82,237 | \$50,903 | \$863,948 |
| Total Assets | <u>511,389</u> | <u>118,367</u> | <u>101,052</u> | <u>82,237</u> | <u>50,903</u> | <u>863,948</u> |
| Cash Basis Fund Balance: | | | | | | |
| Reserved for Encumbrances | 43,668 | 17,876 | | 1,748 | 902 | 64,194 |
| Unrestricted, Reported in: | | | | | | |
| General Fund | 467,721 | | | | | 467,721 |
| Special Revenue Funds | | 100,491 | 101,052 | 80,489 | 50,001 | 332,033 |
| Total Cash Basis Fund Balance | <u>\$511,389</u> | <u>\$118,367</u> | <u>\$101,052</u> | <u>\$82,237</u> | <u>\$50,903</u> | <u>\$863,948</u> |

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

**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 FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

| | <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> |
|--|-------------------------|------------------------------------|--------------------------------------|-------------------------------------|-------------------------------|------------------|
| Receipts: | | | | | | |
| Taxes | \$1,145,204 | | | | | \$1,145,204 |
| Grants | | \$1,884,703 | \$1,668,285 | \$712,926 | \$264,182 | 4,530,096 |
| Intergovernmental | 291,542 | | | | | 291,542 |
| Other | 107,995 | | | | | 107,995 |
| Total Receipts | 1,544,741 | 1,884,703 | 1,668,285 | 712,926 | 264,182 | 6,074,837 |
| Disbursements: | | | | | | |
| Salaries | 40,912 | 149,511 | | | 15,000 | 205,423 |
| Supplies | | 7,000 | | | | 7,000 |
| Equipment | | 10,445 | | | | 10,445 |
| Grants | 1,318,652 | 1,603,589 | 1,591,064 | 706,747 | 248,279 | 5,468,331 |
| Contract Services | 39,796 | | | | | 39,796 |
| Rentals | | 20,818 | | | | 20,818 |
| Advertising and Printing | 1,527 | | | | | 1,527 |
| Travel and Expenses | 7,196 | | | | | 7,196 |
| Public Employee's Retirement | 7,360 | 41,728 | | | | 49,088 |
| Workers Compensation | 1,564 | 3,000 | | | | 4,564 |
| Other | 24,063 | 56,512 | | | | 80,575 |
| Total Disbursements | 1,441,070 | 1,892,603 | 1,591,064 | 706,747 | 263,279 | 5,894,763 |
| Excess of Receipts Over (Under) Disbursements | 103,671 | (7,900) | 77,221 | 6,179 | 903 | 180,074 |
| Other Financing Receipts/(Disbursements): | | | | | | |
| 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) |
| Total Other Financing Receipts (Disbursements) | | | | | | |
| Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements | 103,671 | (7,900) | 77,221 | 6,179 | 903 | 180,074 |
| Cash Balance Beginning of Year | 407,718 | 126,267 | 23,831 | 76,058 | 50,000 | 683,874 |
| Cash Balance End of Year | <u>\$511,389</u> | <u>\$118,367</u> | <u>\$101,052</u> | <u>\$82,237</u> | <u>\$50,903</u> | <u>\$863,948</u> |

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

**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, 2009**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Favorable (Unfavorable) |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts: | | | | |
| Taxes | \$1,303,750 | \$1,259,350 | \$1,145,204 | (\$114,146) |
| Intergovernmental | 51,250 | 160,250 | 291,542 | 131,292 |
| Other Board Receipts | 65,000 | 103,780 | 107,995 | 4,215 |
| Total Receipts | <u>1,420,000</u> | <u>1,523,380</u> | <u>1,544,741</u> | <u>21,361</u> |
| Disbursements: | | | | |
| Salaries | 2,543 | 51,489 | 40,912 | 10,577 |
| Equipment | | 293 | | 293 |
| Grants | 1,394,203 | 1,365,398 | 1,358,211 | 7,187 |
| Contracts-Services | 40,000 | 40,000 | 39,796 | 204 |
| Advertising and Printing | 2,000 | 2,800 | 1,563 | 1,237 |
| Travel and Expenses | 12,000 | 12,000 | 7,196 | 4,804 |
| Public Employee's Retirement | 11,216 | 16,716 | 11,179 | 5,537 |
| Workers Compensation | | 2,000 | 1,564 | 436 |
| Other | 18,321 | 32,032 | 24,317 | 7,715 |
| Total Cash Disbursements | <u>1,480,283</u> | <u>1,522,728</u> | <u>1,484,738</u> | <u>37,990</u> |
| Excess of receipts Over (Under) Disbursements | (60,283) | 652 | 60,003 | 59,351 |
| Other Financing Sources (Uses): | | | | |
| Advances In | | | 400,000 | 400,000 |
| Advances Out | | | (400,000) | (400,000) |
| Total Other Financing Sources (Uses) | | | | |
| Changes in Fund Balance | (60,283) | 652 | 60,003 | 59,351 |
| Fund Balance Beginning of Year | 374,039 | 374,039 | 374,039 | |
| Prior Year Encumbrances Appropriated | <u>33,679</u> | <u>33,679</u> | <u>33,679</u> | |
| Fund Balance End of Year | <u>\$347,435</u> | <u>\$408,370</u> | <u>\$467,721</u> | <u>\$59,351</u> |

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

**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, 2009**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Favorable (Unfavorable) |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts: | | | | |
| Grants | \$2,140,323 | \$1,884,575 | \$1,884,703 | \$128 |
| Total Receipts | <u>2,140,323</u> | <u>1,884,575</u> | <u>1,884,703</u> | <u>128</u> |
| Disbursements: | | | | |
| Salaries | 149,511 | 149,511 | 149,511 | |
| Supplies | 7,000 | 7,000 | 7,000 | |
| Equipment | 12,500 | 10,445 | 10,445 | |
| Grants | 1,808,539 | 1,597,545 | 1,619,468 | (21,923) |
| Rentals | 22,710 | 22,710 | 22,711 | (1) |
| Public Employee's Retirement | 45,784 | 37,784 | 41,764 | (3,980) |
| Workers Compensation | 5,000 | 3,000 | 3,000 | |
| Other | 89,279 | 56,580 | 56,580 | |
| Total Cash Disbursements | <u>2,140,323</u> | <u>1,884,575</u> | <u>1,910,479</u> | <u>(25,904)</u> |
| Excess of Receipts Over (Under) Disbursements | | | (25,776) | (25,776) |
| 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 | | | (25,776) | (25,776) |
| Fund Balance Beginning of Year | 99,272 | 99,272 | 99,272 | |
| Prior Year Encumbrances Appropriated | <u>26,995</u> | <u>26,995</u> | <u>26,995</u> | |
| Fund Balance End of Year | <u>\$126,267</u> | <u>\$126,267</u> | <u>\$100,491</u> | <u>(\$25,776)</u> |

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

**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, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Favorable (Unfavorable)</u> |
|---|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Unfavorable)</u> |
| Receipts: | | | | |
| Grants | \$1,523,343 | \$1,619,343 | \$1,668,285 | \$48,942 |
| Total Receipts | <u>1,523,343</u> | <u>1,619,343</u> | <u>1,668,285</u> | <u>48,942</u> |
| Disbursements: | | | | |
| Grants | 1,523,343 | 1,619,343 | 1,591,064 | 28,279 |
| Total Disbursements | <u>1,523,343</u> | <u>1,619,343</u> | <u>1,591,064</u> | <u>28,279</u> |
| Excess of Receipts Over (Under) Disbursements | | | 77,221 | 77,221 |
| Other Financing Sources (Uses): | | | | |
| Advances In | | | 175,000 | 175,000 |
| Advances Out | | | (175,000) | (175,000) |
| Total Other Financing Sources (Uses) | | | | |
| Changes in Fund Balance | | | 77,221 | 77,221 |
| Fund Balance Beginning of Year | 11,127 | 11,127 | 11,127 | |
| Prior Year Encumbrances Appropriated | <u>12,704</u> | <u>12,704</u> | <u>12,704</u> | |
| Fund Balance End of Year | <u>\$23,831</u> | <u>\$23,831</u> | <u>\$101,052</u> | <u>\$77,221</u> |

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

**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 AND DRUG FEDERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Favorable (Unfavorable)</u> |
|---|-------------------------|------------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Grants | \$741,031 | \$747,057 | \$712,926 | (\$34,131) |
| Total Receipts | <u>741,031</u> | <u>747,057</u> | <u>712,926</u> | <u>(34,131)</u> |
| Disbursements: | | | | |
| Grants | 741,031 | 747,057 | 708,495 | 38,562 |
| Total Cash Disbursements | <u>741,031</u> | <u>747,057</u> | <u>708,495</u> | <u>38,562</u> |
| Excess of Receipts Over (Under) Disbursements | | | 4,431 | 4,431 |
| Other Financing Sources (Uses): | | | | |
| 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 | | | 4,431 | 4,431 |
| Fund Balance Beginning of Year | <u>76,058</u> | <u>76,058</u> | <u>76,058</u> | |
| Fund Balance End of Year | <u><u>\$76,058</u></u> | <u><u>\$76,058</u></u> | <u><u>\$80,489</u></u> | <u><u>\$4,431</u></u> |

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

**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, 2009**

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 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.

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 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, 2009
(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.

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.

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, Mental Health – Federal Fund, and the Alcohol and 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, 2009
(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.

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, 2009
(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 6 and 7, 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. There were no net assets restricted by enabling legislation at June 30, 2009.

M. Fund Balance Reserves

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

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 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:

| | General | Mental Health State Fund | Mental Health Federal Fund | Alcohol and Drug Federal Fund |
|--------------------------|------------------|---|---|--|
| Cash Basis | \$511,389 | \$118,367 | \$101,052 | \$82,237 |
| Encumbrances Outstanding | (43,668) | (17,876) | | (1,748) |
| Budget Basis | <u>\$467,721</u> | <u>\$100,491</u> | <u>\$101,052</u> | <u>\$80,489</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, 2009
(Continued)**

4. 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, 2009, was \$863,948.

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 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, 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 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2007, were levied after April 1, 2008, 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.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2009, on the value as of December 31, 2008. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent. This will be reduced to zero for 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, 2009, are available to finance fiscal year 2009 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, 2009
(Continued)**

5. PROPERTY TAXES – (Continued)

The assessed values upon which fiscal year 2009 taxes were collected are:

| Second Half Collections | 2009 | | |
|--------------------------------|----------------------|----------------------|----------------------|
| | Mercer | Van Wert | Paulding |
| Real Property | | | |
| Residential/Agriculture | \$636,361,700 | \$349,014,690 | \$240,655,060 |
| Commercial/Industrial/Mineral | 89,372,200 | 52,720,170 | 31,316,910 |
| Tangible Personal Property | 61,687,880 | 31,344,370 | 38,313,302 |
| Total Assessed Value | <u>\$787,421,780</u> | <u>\$433,079,230</u> | <u>\$310,285,272</u> |
| | | | |
| First Half Collections | 2008 | | |
| | Mercer | Van Wert | Paulding |
| Real Property | | | |
| Residential/Agriculture | \$636,361,700 | \$349,014,690 | \$240,655,060 |
| Commercial/Industrial/Mineral | 89,372,200 | 52,720,170 | 31,316,910 |
| Tangible Personal Property | 61,687,880 | 31,344,370 | 38,313,302 |
| Total Assessed Value | <u>\$787,421,780</u> | <u>\$433,079,230</u> | <u>\$310,285,272</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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 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. For the years ended December 31, 2009 and December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll.

The Board's contribution rate for the period July 1, 2008 through December 31, 2008 was 14 percent, and for the period January 1, 2009 through June 30, 2009 was 14 percent. For the period July 1, 2008 through March 31, 2009, a portion of the Board's contribution equal to 7 percent of covered payroll was allocated to fund the defined benefit plan; for the period April 1 through June 30, 2009, 8.5 percent was used to fund the defined benefit plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Board of 14 percent.

**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, 2009
(Continued)**

6. DEFINED BENEFIT PENSION PLAN (Continued)

The Board's required contributions for pension obligations to the traditional and combined plans for the years ended June 30, 2009, 2008 and 2007 were \$15,150, \$16,564 and \$19,590, respectively; 92 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

7. POST-EMPLOYMENT BENEFITS

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.

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 require, 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). State statute requires that public employers fund post employment 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 2009 and 2008. 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 7 percent from July 1 through March 31, 2009 and 5.5 percent from April 1, 2009 through June 30, 2009.

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.

The Board's contributions allocated to fund post-employment healthcare benefits for the fiscal years ended June 30, 2009, 2008 and 2007, were \$13,609, \$13,414 and \$10,253 respectively; 92 percent has been contributed for fiscal year 2009, and 100 percent has been contributed for fiscal years 2008 and 2007.

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.

**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, 2009
(Continued)**

8. 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.

9. 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.

The Board entered into a three lease agreement on May 24, 2007 for a vehicle. The lease requires monthly payments of \$325.91 starting on May 24, 2007 followed by 35 payments due on the 24th of each month.

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.

**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, 2009**

| Federal Grantor/ Pass Through Grantor Program Title | Federal CFDA Number | Grant Year | Expenditures |
|---|------------------------------------|-----------------------|---------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| <i>Passed Through Ohio Department of Mental Health:</i> | | | |
| Block Grants for Community Mental Health Services | 93.958 | 2009 | \$75,288 |
| Social Services Block Grant | 93.667 | 2009 | 63,057 |
| Promoting Safe and Stable Families | 93.556 | 2009 | 42,739 |
| State Children's Insurance Program | 93.767 | 2009 | 98,888 |
| <i>Passed Through Ohio Department of Alcohol and Drug Addiction Services</i> | | | |
| State Children's Insurance Program | 93.767 | 2009 | <u>8,781</u> |
| Total State Children's Insurance Program | | | <u>107,669</u> |
| <i>Passed Through Ohio Department of Mental Health:</i> | | | |
| Medical Assistance Program | 93.778 | 2009 | 1,329,875 |
| ARRA Medical Assistance Program | 93.778 | 2009 | 64,709 |
| <i>Passed Through Ohio Department of Alcohol and Drug Addiction Services</i> | | | |
| Medical Assistance Program | 93.778 | 2009 | 154,767 |
| ARRA Medical Assistance Program | 93.778 | 2009 | <u>10,498</u> |
| Total Medical Assistance Program | | | <u>1,559,849</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 | 2009 | 269,239 |
| Federal Drug Free Community Grant | 93.959 | 2009 | 11,704 |
| Women's Set Aside Grant | 93.959 | 2009 | 80,551 |
| | | 2009 | 79,641 |
| | | 2009 | 67,030 |
| Total Women's Set Aside Grant | | | <u>227,222</u> |
| Youth Led Prevention | 93.959 | 2009 | 1,896 |
| Total Block Grant for Prevention and Treatment of Substance Abuse | | | <u>510,061</u> |
| Total U.S. Department of Health and Human Services | | | <u>2,358,663</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <i>Passed Through Ohio Department of Alcohol and Drug Addiction Services</i> | | | |
| Safe and Drug Free Schools | 84.186B | 2009 | <u>35,000</u> |
| Total U.S. Department of Education | | | <u>35,000</u> |
| Total Federal Assistance | | | <u><u>\$2,393,663</u></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, 2009**

1. SIGNIFICANT ACCOUNTING POLICIES

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

2. SUB-RECIPIENTS

The Board obtains grants through the Ohio Department of Mental Health (ODMH) and the Ohio Department of Alcohol and Drug Addiction Services (ODADAS) and contracts with sub-recipient agencies for providing services. As described in Note 1, the Board records expenditures of Federal awards to subrecipients when paid in cash.

The sub-recipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Board is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

Ohio Department of Mental Health (ODMH)

Grants from the ODMH are passed through the Board to the Foundations Behavioral Health Services (Mercer County Mental Health service provider agency), Westwood Behavioral Health Center (Van Wert County Mental Health service provider agency), and Westwood Behavioral Health Center North (Paulding County Mental Health service provider agency).

Total Board Subsidy expenditures to ODMH provider agencies for fiscal year 2009 were:

| | |
|---|-----------|
| Foundations Behavioral Health Services | \$639,080 |
| Westwood Behavioral Health Center | 463,220 |
| Westwood Behavioral Health Center North | 192,331 |

Ohio Department of Alcohol and Drug Addiction Services (ODADAS)

Grants from the ODADAS are passed through the Board to the Mercer County Alcohol and Drug Abuse Center, Inc. (dba Gateway Outreach Center), The Turning Point (Paulding County Alcohol and Drug Services, Inc.), and Westwood Behavior Health Center (Van Wert County Alcohol and Drug Addiction service provider agency).

Total Board Subsidy expenditures to ODADAS provider agencies for fiscal year 2009 were:

| | |
|---|-----------|
| Mercer County Alcohol and Drug Abuse Center, Inc. | \$205,101 |
| Paulding County Alcohol and Drug Services, Inc. | 201,799 |
| Westwood Behavioral Health Center | 253,768 |

3. MATCHING REQUIREMENTS

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



Mary Taylor, CPA

Auditor of State

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

Tri-County Alcohol, Drug Addiction and Mental Health Services Board
Mercer, Van Wert and Paulding Counties
1054 South Washington Street, Suite A
Post Office 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 (the Board), as of and for the fiscal year ended June 30, 2009, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated February 22, 2010, wherein, we noted the Board uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Board's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Board's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be 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.

We noted certain matters that we reported to the Board's management in a separate letter dated February 22, 2010.

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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 noncompliance or other matters that we reported to the Board's management in a separate letter dated February 22, 2010.

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

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

Mary Taylor, CPA
Auditor of State

February 22, 2010



Mary Taylor, CPA

Auditor of State

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

Tri-County Alcohol, Drug Addiction and Mental Health Services Board
Mercer, Van Wert and Paulding Counties
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 apply to its major federal programs for the fiscal year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Board's major federal programs. The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal programs. 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 types of 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 of Mercer, Van Wert and Paulding Counties, complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the fiscal year ended June 30, 2009.

In a separate letter to the Board's management dated February 22, 2009, we reported a matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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**Internal Control Over Compliance
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a federal program such that there is more than a remote likelihood that the Board's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Board's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Mary Taylor, CPA
Auditor of State

February 22, 2009

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material internal control weaknesses reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other significant deficiencies reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weaknesses reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other significant deficiencies reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | CFDA # 93.778: Medical Assistance Program CFDA #93.959: Block Grants for Prevention and Treatment of Substance Abuse |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | 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

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---------------------------------------|------------------|--|
| 2008-001 | Classifying revenues and expenditures | No | Partially corrected – repeated in the management letter. |



Mary Taylor, CPA
Auditor of State

**TRI-COUNTY ALCOHOL, DRUG ADDICTION,
AND MENTAL HEALTH SERVICES BOARD**

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
MARCH 23, 2010**