



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

### ***Report on the Financial Statements***

We have audited the accompanying 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 years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and 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, as of June 30, 2016 and 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General, Mental Health State, Mental Health Federal, Alcohol / Drug Federal and Alcohol / Drug State funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 14, 2017

**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  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$3,028,553
Total Assets	<u>3,028,553</u>
<b>Net Position:</b>	
Restricted Assets:	717,365
Unrestricted Assets:	<u>2,311,188</u>
Total Net Position	<u>\$3,028,553</u>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30,2016**

	<u>Cash</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts</u>
	<u>Disbursements</u>	<u>Operating Grants</u>	<u>and Changes in Net Position</u>
		<u>and Contributions</u>	<u>Governmental</u>
			<u>Activities</u>
<b>Governmental Activities:</b>			
<b>Mental Health and Dependency Rehabilitation:</b>			
Salaries	\$205,223		(\$205,223)
Supplies	2,670		(2,670)
Equipment	9,239		(9,239)
Grants	2,330,022	\$1,163,847	(1,166,175)
Contract Services	39,224		(39,224)
Rentals	25,800		(25,800)
Advertising and Printing	2,335		(2,335)
Travel and Expenses	7,574		(7,574)
Public Employee's Retirement	49,122		(49,122)
Workers Compensation	1,345		(1,345)
Other Expenses	106,069		(106,069)
Total Governmental Activities	<u>\$2,778,623</u>	<u>\$1,163,847</u>	<u>(1,614,776)</u>
<b>General Receipts:</b>			
Property Taxes Levied for General Purposes			1,485,647
Entitlements			251,580
Other			54,932
Total General Receipts			<u>1,792,159</u>
Change in Net Position			<u>177,383</u>
Net Position Beginning of Year			<u>2,851,170</u>
Net Position End of Year			<u>\$3,028,553</u>

See accompanying notes to the basic financial statements.



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

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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>
<b>Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$2,311,188	\$47,494	\$288,551	\$122,797	\$258,523	\$3,028,553
Total Assets	<u>\$2,311,188</u>	<u>\$47,494</u>	<u>\$288,551</u>	<u>\$122,797</u>	<u>\$258,523</u>	<u>\$3,028,553</u>
<b>Fund Balance:</b>						
Restricted		\$47,494	\$288,551	\$122,797	\$258,523	\$717,365
Committed	\$176,263					176,263
Assigned	261,050					261,050
Unassigned	1,873,875					1,873,875
Total Cash Basis Fund Balance	<u>\$2,311,188</u>	<u>\$47,494</u>	<u>\$288,551</u>	<u>\$122,797</u>	<u>\$258,523</u>	<u>\$3,028,553</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, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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>
<b>Receipts:</b>						
Taxes	\$1,485,647					\$1,485,647
Grants		\$520,458	\$126,166	\$440,166	\$77,057	1,163,847
Intergovernmental	251,580					251,580
Other	54,932					54,932
Total Receipts	<u>1,792,159</u>	<u>520,458</u>	<u>126,166</u>	<u>440,166</u>	<u>77,057</u>	<u>2,956,006</u>
<b>Disbursements:</b>						
Salaries	205,223					205,223
Supplies	2,670					2,670
Equipment	9,239					9,239
Grants	1,050,327	505,753	126,166	439,714	208,062	2,330,022
Contract Services	39,224					39,224
Rentals	25,800					25,800
Advertising and Printing	2,335					2,335
Travel and Expenses	7,574					7,574
Public Employee's Retirement	49,122					49,122
Workers Compensation	1,345					1,345
Other	106,069					106,069
Total Disbursements	<u>1,498,928</u>	<u>505,753</u>	<u>126,166</u>	<u>439,714</u>	<u>208,062</u>	<u>2,778,623</u>
<b>Other Financing Receipts/(Disbursements):</b>						
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 Receipts/(Disbursements)						
Net Change in Fund Balance	293,231	14,705		452	(131,005)	177,383
Fund Balance Beginning of Year	<u>2,017,957</u>	<u>32,789</u>	<u>288,551</u>	<u>122,345</u>	<u>389,528</u>	<u>2,851,170</u>
Fund Balance End of Year	<u>\$2,311,188</u>	<u>\$47,494</u>	<u>\$288,551</u>	<u>\$122,797</u>	<u>\$258,523</u>	<u>\$3,028,553</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Taxes	\$1,454,000	\$1,474,000	\$1,485,647	\$11,647
Intergovernmental	176,083	256,083	251,580	(4,503)
Other Board Receipts	90,000	50,000	54,932	4,932
Total Receipts	<u>1,720,083</u>	<u>1,780,083</u>	<u>1,792,159</u>	<u>12,076</u>
<b>Disbursements:</b>				
Salaries	206,000	206,000	205,223	777
Supplies	3,500	3,500	2,670	830
Equipment	9,337	9,337	9,239	98
Grants	1,553,997	1,417,939	1,207,935	210,004
Contracts-Services	40,000	40,000	39,224	776
Rentals	25,800	25,800	25,800	
Advertising and Printing	2,152	2,152	2,335	(183)
Travel and Expenses	8,000	8,000	7,574	426
Public Employee's Retirement	50,000	50,000	49,122	878
Workers Compensation	3,000	1,400	1,345	55
Other	124,820	109,844	106,180	3,664
Total Cash Disbursements	<u>2,026,606</u>	<u>1,873,972</u>	<u>1,656,647</u>	<u>217,325</u>
Excess of receipts Over (Under) Disbursements	<u>(306,523)</u>	<u>(93,889)</u>	<u>135,512</u>	<u>229,401</u>
<b>Other Financing Sources (Uses)</b>				
Advances In			200,000	200,000
Advances Out			(200,000)	(200,000)
Total Other Financing Sources (Uses)			<u>0</u>	<u>0</u>
Net Change in Fund Balance	(306,523)	(93,889)	135,512	229,401
Fund Balance Beginning of Year	1,711,693	1,711,693	1,711,693	
Prior Year Encumbrances Appropriated	<u>306,265</u>	<u>306,265</u>	<u>306,265</u>	
Fund Balance End of Year	<u>\$1,711,435</u>	<u>\$1,924,069</u>	<u>\$2,153,470</u>	<u>\$229,401</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - MENTAL HEALTH STATE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Grants	\$520,458	\$520,458	\$520,458	
Total Receipts	<u>520,458</u>	<u>520,458</u>	<u>520,458</u>	
<b>Disbursements:</b>				
Grants	520,458	520,458	520,458	
Total Cash Disbursements	<u>520,458</u>	<u>520,458</u>	<u>520,458</u>	
Excess of receipts Over (Under) Disbursements	<u>0</u>	<u>0</u>	<u>0</u>	
<b>Other Financing Sources (Uses):</b>				
Advances In			50,000	\$50,000
Advances Out			(50,000)	(50,000)
Total Other Financing Sources (Uses)			<u>0</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	
Fund Balance Beginning of Year	<u>32,789</u>	<u>32,789</u>	<u>32,789</u>	
Fund Balance End of Year	<u>\$32,789</u>	<u>\$32,789</u>	<u>\$32,789</u>	<u>-</u>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - MENTAL HEALTH FEDERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Grants	\$101,715	\$101,715	\$126,166	\$24,451
Total Receipts	<u>101,715</u>	<u>101,715</u>	<u>126,166</u>	<u>24,451</u>
<b>Disbursements:</b>				
Grants	129,594	129,594	126,166	3,428
Total Disbursements	<u>129,594</u>	<u>129,594</u>	<u>126,166</u>	<u>3,428</u>
Changes in Fund Balance	(27,879)	(27,879)		27,879
Fund Balance Beginning of Year	260,672	260,672	260,672	
Prior Year Encumbrances Appropriated	<u>27,879</u>	<u>27,879</u>	<u>27,879</u>	
Fund Balance End of Year	<u><u>\$260,672</u></u>	<u><u>\$260,672</u></u>	<u><u>\$288,551</u></u>	<u><u>\$27,879</u></u>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - ALCOHOL/DRUG FEDERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Grants	\$440,167	\$440,167	\$440,166	(\$1)
Total Receipts	<u>440,167</u>	<u>440,167</u>	<u>440,166</u>	<u>(1)</u>
<b>Disbursements:</b>				
Grants	440,167	440,167	440,167	
Total Cash Disbursements	<u>440,167</u>	<u>440,167</u>	<u>440,167</u>	
Excess of receipts Over (Under) Disbursements	<u>0</u>	<u>0</u>	<u>(1)</u>	<u>(1)</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			100,000	100,000
Advances Out			(100,000)	(100,000)
Total Other Financing Sources (Uses)			<u>0</u>	<u>0</u>
Changes in Fund Balance			(1)	(1)
Fund Balance Beginning of Year	<u>122,345</u>	<u>122,345</u>	<u>122,345</u>	
Fund Balance End of Year	<u>\$122,345</u>	<u>\$122,345</u>	<u>\$122,344</u>	<u>(\$1)</u>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - ALCOHOL/DRUG STATE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Grants	\$77,057	\$77,057	\$77,057	
Total Receipts	<u>77,057</u>	<u>77,057</u>	<u>77,057</u>	
<b>Disbursements:</b>				
Grants	412,476	412,476	412,476	
Total Cash Disbursements	<u>412,476</u>	<u>412,476</u>	<u>412,476</u>	
Excess of receipts Over (Under) Disbursements	<u>(335,419)</u>	<u>(335,419)</u>	<u>(335,419)</u>	
<b>Other Financing Sources (Uses)</b>				
Advances In			50,000	\$50,000
Advances Out			(50,000)	(50,000)
Total Other Financing Sources (Uses)			<u>0</u>	<u>0</u>
Changes in Fund Balance	(335,419)	(335,419)	(335,419)	
Fund Balance Beginning of Year	306,152	306,152	306,152	
Prior Year Encumbrances Appropriated	<u>83,376</u>	<u>83,376</u>	<u>83,376</u>	
Fund Balance End of Year	<u>\$54,109</u>	<u>\$54,109</u>	<u>\$54,109</u>	<u>\$0</u>

*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, 2016**

**1. DESCRIPTION OF THE ENTITY**

The Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert, and Paulding Counties, (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is required to be directed by an eighteen-member Board. Board members are appointed by The Ohio Department of Mental Health 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. 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 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, 2016  
(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 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 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, 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.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

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".

**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 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**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no assets restricted by enabling legislation imposed by grantors within Special Revenue Funds at June 30, 2016.

**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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

**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 for postretirement health care benefits.

**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.

**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 \$76,263 for the Retirement/Severance Liability Fund. The Assigned Funds in the General Fund consist of fiscal year 2016 encumbrances, or expenses incurred in fiscal year 2016, which will be paid in fiscal year 2017. 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. Encumbrances in the other Board funds are classified as restricted based on the source of funding.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**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 Changes 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:

	<u>General</u>	<u>Mental Health State Fund</u>	<u>Mental Health Federal Fund</u>	<u>Alcohol and Drug Federal Fund</u>	<u>Alcohol and Drug State Fund</u>
Cash Basis	\$2,311,188	\$47,494	\$288,551	\$122,797	\$258,523
Less: Encumbrances Outstand	(157,718)	(14,705)		(453)	(204,414)
Budget Basis	<u>\$2,153,470</u>	<u>\$32,789</u>	<u>\$288,551</u>	<u>\$122,344</u>	<u>\$54,109</u>

**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, 2016, was \$3,028,553.

**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 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2015, on the assessed values as of January 1, 2015, 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 2016 represent the collection of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**5. PROPERTY TAX (Continued)**

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, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2015 taxes were collected are:

<b>First Half Collections</b>	<b>2016</b>		
	<b>Mercer</b>	<b>Van Wert</b>	<b>Paulding</b>
Real Property			
Residential/Agriculture	\$982,762,110	\$626,800,490	\$376,202,510
Commercial/Industrial/Mineral	91,985,460	56,216,740	34,811,700
Tangible Personal Property	22,675,840	58,135,010	43,319,140
Total Assessed Value	<u>\$1,097,423,410</u>	<u>\$741,152,240</u>	<u>\$454,333,350</u>
<b>Second Half Collections</b>	<b>2015</b>		
	<b>Mercer</b>	<b>Van Wert</b>	<b>Paulding</b>
Real Property			
Residential/Agriculture	\$971,138,430	\$625,591,670	\$375,713,280
Commercial/Industrial/Mineral	92,273,550	56,699,240	34,434,550
Tangible Personal Property	23,474,380	50,582,310	39,114,920
Total Assessed Value	<u>\$1,086,886,360</u>	<u>\$732,873,220</u>	<u>\$449,262,750</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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

revised Code, are not to exceed 10 percent. For the years ended December 31, 2015 and December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Fund. For 2015, member and employer contribution rates were consistent across all three plans.

The Board's contribution rate for the period July 1, 2015 through June 30, 2016 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, 2015 through December 31, 2015, a portion of the Board's contribution equal to 2 percent of covered payroll was allocated to fund the post-retirement healthcare plan. For the period January 1, 2016 through June 30, 2016, a portion of the Board's contribution equal to 2 percent of covered payroll was allocated to fund the post-retirement healthcare 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, 2016, 2015 and 2014 were \$24,626, \$23,504, and \$23,717, respectively; 100 percent has been contributed for fiscal years 2016, 2015 and 2014.

**7. POST-EMPLOYMENT BENEFITS**

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

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

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, or by visiting <https://www.opers.org/investments/cafr.shtml> .

**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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

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

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 2016 and 2015. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare was 2 percent from July 1, 2015 through December 31, 2015, and 2 percent from January 1, 2016 through June 30, 2016

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

The Board's contributions allocated to fund post-employment healthcare benefits for the fiscal years ended June 30, 2016, 2015 and 2014, were \$4,105, \$3,918, and \$2,846, respectively; 100 percent has been contributed for fiscal years 2016, 2015 and 2014.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

**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 three year term that began July 1, 2013 and expires May 31, 2016, for a building to house the operations of the Board. The lease term beginning July 1, 2013, established the lease rate at \$24,828 for the year to be paid in monthly installments of \$2,069; the lease term beginning July 1, 2014, establishes the lease rate at \$25,800 for the year to be paid in monthly installments of \$2,150; the lease term beginning July 1, 2015, establishes the lease rate at \$25,800 for the year to be paid in monthly installments of \$2,150. The Board entered into a lease agreement, for a three year term that began June 1, 2016 and expires June 30, 2019, for a building to house the operations of the Board. The lease term beginning June 1, 2016, established the lease rate at \$27,000 for the year to be paid in monthly installments of



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
(Continued)**

**9. LEASE AGREEMENT (Continued)**

\$2,250; the lease term beginning June 1, 2017, establishes the lease rate at \$28,200 for the year to be paid in monthly installments of \$2,350; the lease term beginning June 1, 2018, establishes the lease rate at \$28,200 for the year to be paid in monthly installments of \$2,350. The lease agreement is subject to renewal at the lessee's option.

**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.

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**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT, AND PAULDING COUNTIES  
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**STATEMENT OF NET POSITION - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,851,170
Total Assets	2,851,170
 <b>Net Position:</b>	
Restricted Assets	833,212
Unrestricted Assets	2,017,958
Total Net Position	\$2,851,170

*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  
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**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Cash</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts</u>
	<u>Disbursements</u>	<u>Operating Grants</u>	<u>and Changes in Net Position</u>
		<u>and Contributions</u>	<u>Governmental</u>
			<u>Activities</u>
<b>Governmental Activities:</b>			
<b>Mental Health and Dependency Rehabilitation:</b>			
Salaries	\$195,869		(\$195,869)
Supplies	2,108		(2,108)
Equipment	7,415		(7,415)
Grants	2,423,950	\$1,526,692	(897,258)
Contract Services	39,680		(39,680)
Rentals	25,800		(25,800)
Advertising and Printing	2,196		(2,196)
Travel and Expenses	7,299		(7,299)
Public Employee's Retirement	46,825		(46,825)
Workers Compensation	1,269		(1,269)
Other Expenses	112,908		(112,908)
Total Governmental Activities	<u>\$2,865,319</u>	<u>\$1,526,692</u>	<u>(1,338,627)</u>
<b>General Receipts:</b>			
Property Taxes Levied for General Purposes			1,443,887
Entitlements			186,828
Other			123,917
Total General Receipts			<u>1,754,632</u>
Change in Net Position			<u>416,005</u>
Net Position Beginning of Year			<u>2,435,165</u>
Net Position End of Year			<u>\$2,851,170</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  
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**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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>
<b>Assets:</b>						
Equity in Pooled Cash and Cash Equivalents	\$2,017,957	\$32,789	\$288,551	\$122,345	\$389,528	\$2,851,170
Total Assets	<u>\$ 2,017,957</u>	<u>\$ 32,789</u>	<u>\$ 288,551</u>	<u>\$ 122,345</u>	<u>\$ 389,528</u>	<u>\$ 2,851,170</u>
<b>Fund Balance:</b>						
Restricted		\$ 32,789	\$ 288,551	\$ 122,345	\$ 389,528	\$ 833,213
Committed	\$ 176,263					176,263
Assigned	306,264					306,264
Unassigned	1,535,430					1,535,430
Total Cash Basis Fund Balance	<u>\$2,017,957</u>	<u>\$32,789</u>	<u>\$288,551</u>	<u>\$122,345</u>	<u>\$389,528</u>	<u>\$2,851,170</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  
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**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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>
<b>Receipts</b>						
Taxes	\$1,443,887					\$1,443,887
Grants		\$702,505	\$73,836	\$360,039	\$390,312	1,526,692
Intergovernmental	186,828					186,828
Other	123,917					123,917
Total Receipts	<u>1,754,632</u>	<u>702,505</u>	<u>73,836</u>	<u>360,039</u>	<u>390,312</u>	<u>3,281,324</u>
<b>Disbursements</b>						
Salaries	195,869					195,869
Supplies	2,108					2,108
Equipment	7,415					7,415
Grants	978,224	688,855	73,836	362,406	320,629	2,423,950
Contract Services	39,680					39,680
Rentals	25,800					25,800
Advertising and Printing	2,196					2,196
Travel and Expenses	7,299					7,299
Public Employee's Retirement	46,825					46,825
Workers Compensation	1,269					1,269
Other	112,908					112,908
Total Disbursements	<u>1,419,593</u>	<u>688,855</u>	<u>73,836</u>	<u>362,406</u>	<u>320,629</u>	<u>2,865,319</u>
<b>Other Financing Receipts/(Disbursements):</b>						
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 Receipts/(Disbursements)	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	335,039	13,650		(2,367)	69,683	416,005
Fund Balance Beginning of Year	<u>1,682,918</u>	<u>19,139</u>	<u>288,551</u>	<u>124,712</u>	<u>319,845</u>	<u>2,435,165</u>
Fund Balance End of Year	<u>\$2,017,957</u>	<u>\$32,789</u>	<u>\$288,551</u>	<u>\$122,345</u>	<u>\$389,528</u>	<u>\$2,851,170</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  
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**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Taxes	\$1,397,383	\$1,397,383	\$1,443,887	\$46,504
Intergovernmental	232,700	232,700	186,828	(45,872)
Other Board Receipts	62,000	118,000	123,917	5,917
<b>Total Receipts</b>	<u>1,692,083</u>	<u>1,748,083</u>	<u>1,754,632</u>	<u>6,549</u>
<b>Disbursements:</b>				
Salaries	198,000	198,000	195,869	2,131
Supplies	4,000	4,000	2,108	1,892
Equipment	11,941	11,941	7,750	4,191
Grants	1,398,924	1,381,923	1,283,081	98,842
Contracts-Services	40,000	40,000	39,680	320
Rentals	25,800	25,800	25,800	
Advertising and Printing	2,143	2,143	2,248	(105)
Travel and Expenses	8,815	8,815	8,069	746
Public Employee's Retirement	48,000	48,000	46,825	1,175
Workers Compensation	5,500	1,500	1,269	231
Other	116,147	116,147	113,157	2,990
<b>Total Cash Disbursements</b>	<u>1,859,270</u>	<u>1,838,269</u>	<u>1,725,856</u>	<u>112,413</u>
Excess of receipts Over (Under) Disbursements	<u>(167,187)</u>	<u>(90,186)</u>	<u>28,776</u>	<u>118,962</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			200,000	200,000
Advances Out			(200,000)	(200,000)
<b>Total Other Financing Sources (Uses)</b>			<u>0</u>	<u>0</u>
Net Change in Fund Balance	(167,187)	(90,186)	28,776	118,962
Fund Balance Beginning of Year	1,535,243	1,535,243	1,535,243	
Prior Year Encumbrances Appropriated	<u>147,675</u>	<u>147,675</u>	<u>147,675</u>	
<b>Fund Balance End of Year</b>	<u>\$1,515,731</u>	<u>\$1,592,732</u>	<u>\$1,711,694</u>	<u>\$118,962</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - MENTAL HEALTH STATE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Unfavorable)</u>
<b>Receipts:</b>				
Grants	\$501,912	\$688,855	\$702,505	\$13,650
Total Receipts	<u>501,912</u>	<u>688,855</u>	<u>702,505</u>	<u>13,650</u>
<b>Disbursements</b>				
Grants	501,912	688,855	688,855	
Total Cash Disbursements	<u>501,912</u>	<u>688,855</u>	<u>688,855</u>	
Excess of receipts Over (Under) Disbursements	<u>0</u>	<u>0</u>	<u>13,650</u>	<u>13,650</u>
<b>Other Financing Sources (Uses)</b>				
Advances In			50,000	50,000
Advances Out			(50,000)	(50,000)
Total Other Financing Sources (Uses)			<u>0</u>	<u>0</u>
Net Change in Fund Balance			13,650	13,650
Fund Balance Beginning of Year	<u>19,139</u>	<u>19,139</u>	<u>19,139</u>	
Fund Balance End of Year	<u>\$19,139</u>	<u>\$19,139</u>	<u>\$32,789</u>	<u>\$13,650</u>

*See accompanying notes to the basic financial statements.*



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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - MENTAL HEALTH FEDERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Grants	\$101,715	\$101,715	\$73,836	(\$27,879)
Total Receipts	<u>101,715</u>	<u>101,715</u>	<u>73,836</u>	<u>(27,879)</u>
<b>Disbursements:</b>				
Grants	101,715	101,715	101,715	
Total Disbursements	<u>101,715</u>	<u>101,715</u>	<u>101,715</u>	
Changes in Fund Balance	0	0	(27,879)	(27,879)
Fund Balance Beginning of Year	<u>288,551</u>	<u>288,551</u>	<u>288,551</u>	
Fund Balance End of Year	<u><u>\$288,551</u></u>	<u><u>\$288,551</u></u>	<u><u>\$260,672</u></u>	<u><u>(\$27,879)</u></u>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - ALCOHOL/DRUG FEDERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Grants	\$355,038	\$360,038	\$360,039	\$1
Total Receipts	<u>355,038</u>	<u>360,038</u>	<u>360,039</u>	<u>1</u>
<b>Disbursements:</b>				
Grants	357,406	362,406	362,406	
Total Cash Disbursements	<u>357,406</u>	<u>362,406</u>	<u>362,406</u>	
Excess of receipts Over (Under) Disbursements	<u>(2,368)</u>	<u>(2,368)</u>	<u>(2,367)</u>	<u>1</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			100,000	100,000
Advances Out			(100,000)	(100,000)
Total Other Financing Sources (Uses)			<u>0</u>	<u>0</u>
Changes in Fund Balance	(2,368)	(2,368)	(2,367)	1
Fund Balance Beginning of Year	122,344	122,344	122,344	
Prior Year Encumbrances Appropriated	<u>2,368</u>	<u>2,368</u>	<u>2,368</u>	
Fund Balance End of Year	<u>\$122,344</u>	<u>\$122,344</u>	<u>\$122,345</u>	<u>\$1</u>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - ALCOHOL/DRUG STATE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Grants	\$696,312	\$390,312	\$390,312	
Total Receipts	<u>696,312</u>	<u>390,312</u>	<u>390,312</u>	
<b>Disbursements:</b>				
Grants	710,005	404,005	404,005	
Total Cash Disbursements	<u>710,005</u>	<u>404,005</u>	<u>404,005</u>	
Excess of receipts Over (Under) Disbursements	<u>(13,693)</u>	<u>(13,693)</u>	<u>(13,693)</u>	
<b>Other Financing Sources (Uses):</b>				
Advances In			50,000	\$50,000
Advances Out			(50,000)	(50,000)
Total Other Financing Sources (Uses)			<u>0</u>	<u>0</u>
Changes in Fund Balance	(13,693)	(13,693)	(13,693)	
Fund Balance Beginning of Year	306,152	306,152	306,152	
Prior Year Encumbrances Appropriated	<u>13,693</u>	<u>13,693</u>	<u>13,693</u>	
Fund Balance End of Year	<u>\$306,152</u>	<u>\$306,152</u>	<u>\$306,152</u>	<u>\$0</u>

*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, 2015**

**1. DESCRIPTION OF THE ENTITY**

The Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert, and Paulding Counties, (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is required to be directed by an eighteen-member Board. Board members are appointed by The Ohio Department of Mental Health 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. 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 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, 2015  
(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 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 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, 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, 2015  
(Continued)**

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

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.

**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 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**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no assets restricted by enabling legislation imposed by grantors within Special Revenue Funds at June 30, 2015.

**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, 2015  
(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 for postretirement health care benefits.

**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.

**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 \$76,263 for the Retirement/Severance Liability Fund. The Assigned Funds in the General Fund consist of fiscal year 2015 encumbrances, or expenses incurred in fiscal year 2015, which will be paid in fiscal year 2016. 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. Encumbrances in the other Board funds are classified as restricted based on the source of funding.



**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, 2015  
(Continued)**

**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 Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and each major Special Revenue Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is that outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (cash basis). The adjustments necessary to reconcile the cash and budget basis statements are as follows:

	<b>General</b>	<b>Mental Health State Fund</b>	<b>Mental Health Federal Fund</b>	<b>Alcohol and Drug Federal Fund</b>	<b>Alcohol and Drug State Fund</b>
Cash Basis	\$2,017,957	\$32,789	\$288,551	\$122,345	\$389,528
Less: Encumbrances Outstand	(306,263)		(27,879)		(83,376)
Budget Basis	<u>\$1,711,694</u>	<u>\$32,789</u>	<u>\$260,672</u>	<u>\$122,345</u>	<u>\$306,152</u>

**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, 2015, was \$2,851,170.

**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 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 2015 represent the collection of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(Continued)**

**5. PROPERTY TAX (Continued)**

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, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2015 taxes were collected are:

<b>First Half Collections</b>	<b>2015</b>		
	<b>Mercer</b>	<b>Van Wert</b>	<b>Paulding</b>
Real Property			
Residential/Agriculture	\$971,138,430	\$625,591,670	\$375,713,280
Commercial/Industrial/Mineral	92,273,550	56,699,240	34,434,550
Tangible Personal Property	23,474,380	50,582,310	39,114,920
Total Assessed Value	<u>\$1,086,886,360</u>	<u>\$732,873,220</u>	<u>\$449,262,750</u>
<b>Second Half Collections</b>	<b>2014</b>		
	<b>Mercer</b>	<b>Van Wert</b>	<b>Paulding</b>
Real Property			
Residential/Agriculture	\$782,782,650	\$466,396,790	\$373,598,110
Commercial/Industrial/Mineral	90,980,340	52,533,160	34,133,580
Tangible Personal Property	22,830,310	51,144,710	34,391,290
Total Assessed Value	<u>\$896,593,300</u>	<u>\$570,074,660</u>	<u>\$442,122,980</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, 2015 and

**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, 2015  
(Continued)**

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

December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Fund. For 2015, member and employer contribution rates were consistent across all three plans.

The Board's contribution rate for the period July 1, 2014 through June 30, 2015 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, 2014 through December 31, 2014, a portion of the Board's contribution equal to 2 percent of covered payroll was allocated to fund the post-retirement healthcare plan. For the period January 1, 2015 through June 30, 2015, a portion of the Board's contribution equal to 2 percent of covered payroll was allocated to fund the post-retirement healthcare 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, 2015, 2014 and 2013 were \$23,504, \$23,717, and \$22,789, respectively; 100 percent has been contributed for fiscal years 2015, 2014 and 2013.

**7. POST-EMPLOYMENT BENEFITS**

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

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

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, or by visiting <https://www.opers.org/investments/cafr.shtml> .

**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.

**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, 2015  
(Continued)**

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

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 2015 and 2014. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare was 2 percent from July 1, 2014 through December 31, 2014, and 2 percent from January 1, 2015 through June 30, 2015

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

The Board's contributions allocated to fund post-employment healthcare benefits for the fiscal years ended June 30, 2015, 2014 and 2013, were \$3,918, \$2,846, and \$4,954, respectively; 100 percent has been contributed for fiscal years 2015, 2014 and 2013.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

**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 three year term that began July 1, 2013 and expires May 31, 2016, for a building to house the operations of the Board. The lease term beginning July 1, 2013, established the lease rate at \$24,828 for the year to be paid in monthly installments of \$2,069.00; the lease term beginning July 1, 2014, establishes the lease rate at \$25,800 for the year to be paid in monthly installments of \$2,150; the lease term beginning July 1, 2015, establishes the lease rate at \$25,800 for the year to be paid in monthly installments of \$2,150. 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, 2015  
(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.

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# Dave Yost • Auditor of State

## 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  
1054 South Washington Street, Suite A  
P.O. Box 269  
Van Wert, Ohio 45891

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and 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 years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated June 14, 2017, wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***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, opining on compliance with those provisions was not an objective of our

Tri-County Alcohol, Drug Addiction, and Mental Health Services Board  
Of Mercer, Van Wert, and Paulding Counties  
Mercer County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 14, 2017





# Dave Yost • 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  
AUGUST 1, 2017**