



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 financial statements of the governmental activities and each major fund of 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 year ended June 30, 2014, 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, 2014, 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 year 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, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental and Other Information*

We audited to opine on the Board's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Federal Award Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2014, 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.

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

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

November 20, 2014

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED**

This discussion and analysis of the Tri County Alcohol, Drug Addiction and Mental Health Services Board of Van Wert, Mercer and Paulding Counties (the Board) financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2014, 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 2014 are as follows:

- Net Position Increased \$827,198.
- The Board's general receipts accounted for \$1,717,475 in receipts or approximately 44% of all receipts. Program specific receipts in the form of operating grants and contributions accounted for \$2,166,528 or approximately 56% of total receipts of \$3,884,003.
- The Board had \$3,056,805 in disbursements, of which \$2,630,973 was for mental health and dependency rehabilitation grant expenditures. The Board also had State carry-over funds in the amount of \$252,044, which is a portion of the total Alcohol Drug State Fund's fund balance as of June 30, 2014.

**Using this Annual Financial Report**

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

The Statement of Net Position – 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 Position–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 2014?" The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis answer this question. These two statements report the Board's net position and changes in its' net position.

This change in net position 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 Position – Cash Basis and the Statement of Activities – Cash Basis, all of the Board's activities are considered to be Governmental Activities.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
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 position for Fiscal Year 2014 compared to Fiscal Year 2013.

**Table 1  
Net Position - Cash Basis**

	<b>Governmental Activities</b>	
	<b>FY2014</b>	<b>FY2013</b>
<b>Assets:</b>		
Equity in Pooled Cash and Cash equivalents	\$2,435,165	\$1,607,967
Total Assets	<u>2,435,165</u>	<u>1,607,967</u>
<b>Net Position:</b>		
Restricted	752,247	399,113
Unrestricted	1,682,918	1,208,854
Total Net Position	<u>\$2,435,165</u>	<u>\$1,607,967</u>

As shown in table 1, the Board's net position increased by \$827,198 from Fiscal Year 2013 to Fiscal Year 2014.

Table 2 reflects the changes in net position in Fiscal Year 2014 as compared to Fiscal Year 2013.

**Table 2  
Change in Net Position**

	<b>Governmental Activities FY2014</b>	<b>Governmental Activities FY2013</b>
<b>Receipts:</b>		
<b>Program Receipts:</b>		
Operating Grants and Contributions	\$2,166,528	\$1,513,536
Total Program Receipts	<u>2,166,528</u>	<u>1,513,536</u>
<b>General Receipts:</b>		
Property Taxes	1,423,853	1,342,580
Entitlements	225,724	263,252
Other	67,898	77,690
Total General Receipts	<u>1,717,475</u>	<u>1,683,522</u>
Total Receipts	<u>3,884,003</u>	<u>3,197,058</u>

(Continued)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

**Table 2  
Change in Net Position  
(Continued)**

	<b>Governmental Activities FY2014</b>	<b>Governmental Activities FY2013</b>
<b>Disbursements:</b>		
Mental Health and Dependency Rehabilitation	3,056,805	3,232,218
Total Disbursements	3,056,805	3,232,218
Net Change in Position	\$827,198	(\$35,160)

In Fiscal Year 2014, approximately 56% of the Board's total receipts consisted of Program specific receipts in the form of operating grants and contributions.

Of the Program specific receipts, 43% were for Mental Health programs, and the remaining 57% were for Alcohol and Drug rehabilitation programs.

In Fiscal Year 2014, 87% 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 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by the property tax receipts and unrestricted state entitlements.

**Table 3  
Governmental Activities**

	<b>Total Cost Of Services FY2014</b>	<b>Net Cost of Services FY2014</b>	<b>Total Cost Of Services FY2013</b>	<b>Net Cost of Services FY2013</b>
<b>Mental Health and Dependency Rehabilitation:</b>				
Salaries	\$189,738	\$189,738	\$198,163	\$198,163
Supplies	1,406	1,406	5,253	5,253
Equipment	6,974	6,974	8,380	8,380
Grants	2,630,973	464,445	2,787,443	1,273,907
Rentals	24,828	24,828	24,828	24,828
Advertising and Printing	1,678	1,678	2,152	2,152
Travel and Expenses	6,879	6,879	7,921	7,921
Public Employee's Retirement	45,467	45,467	47,709	47,709
Workers Compensation	1,245	1,245	2,690	2,690
Contract Services	41,140	41,140	42,076	42,076
Other Expenses	106,477	106,477	105,603	105,603
Total Disbursements	\$3,056,805	\$890,277	\$3,232,218	\$1,718,682

**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 \$3,884,003 and disbursements of \$3,056,805.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
UNAUDITED  
(Continued)**

**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 2014, the Board amended its appropriations, and the budgetary statement reflects both the original and final appropriated amounts. The few significant changes between the original and the final budget were due to changes in funding implemented by the State Departments.

**Current Issues**

The challenge for all Boards is to provide quality services to the public while staying within the restrictions imposed by limited funding. We rely heavily on local taxes and have very little ways of generating other receipts. With the Board's depleted fund balance, along with the State's economic outlook, the Board will face many challenges in trying to maintain the level of service previously provided and maintaining a balanced Fiscal Year 2015 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 questions about this report or need additional financial information, contact Keith Turvy, Executive Director, at Tri County ADAMHS Board, P.O. Box 269, Van Wert, Ohio 45891.

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

**STATEMENT OF NET POSITION - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,435,165
Total Assets	<u>2,435,165</u>
<b>Net Position:</b>	
Restricted Assets	752,247
Unrestricted Assets	1,682,918
Total Net Position	<u>\$2,435,165</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, 2014**

	<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	\$189,738		(\$189,738)
Supplies	1,406		(1,406)
Equipment	6,974		(6,974)
Grants	2,630,973	\$2,166,528	(464,445)
Contract Services	41,140		(41,140)
Rentals	24,828		(24,828)
Advertising and Printing	1,678		(1,678)
Travel and Expenses	6,879		(6,879)
Public Employee's Retirement	45,467		(45,467)
Workers Compensation	1,245		(1,245)
Other Expenses	106,477		(106,477)
Total Governmental Activities	<u>\$3,056,805</u>	<u>\$2,166,528</u>	<u>(890,277)</u>
<b>General Receipts:</b>			
Property Taxes Levied for General Purposes			1,423,853
Entitlements (intergovernmental revenue)			225,724
Other			67,898
Total General Receipts			<u>1,717,475</u>
Change in Net Position			<u>827,198</u>
Net Position Beginning of Year			<u>1,607,967</u>
Net Position End of Year			<u><u>\$2,435,165</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 ASSETS AND FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Assets:</b>	<b>General</b>	<b>Mental Health State</b>	<b>Mental Health Federal</b>	<b>Alcohol Drug Federal</b>	<b>Alcohol Drug State</b>	<b>Total</b>
Equity in Pooled Cash and Cash Equivalents	\$1,682,918	\$19,139	\$288,551	\$124,712	\$319,845	\$2,435,165
<b>Total Assets</b>	<b>\$1,682,918</b>	<b>19,139</b>	<b>288,551</b>	<b>124,712</b>	<b>319,845</b>	<b>2,435,165</b>
<b>Fund Balance:</b>						
Restricted		19,139	288,551	124,712	319,845	752,247
Committed	\$176,263					176,263
Assigned	147,675					147,675
Unassigned	1,358,980					1,358,980
<b>Total Cash Basis Fund Balance</b>	<b>\$1,682,918</b>	<b>\$19,139</b>	<b>\$288,551</b>	<b>\$124,712</b>	<b>\$319,845</b>	<b>\$2,435,165</b>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<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	\$1,423,853					\$1,423,853
Grants		\$822,797	\$99,880	\$676,029	\$567,822	2,166,528
Intergovernmental	225,724					225,724
Other	67,898					67,898
<b>Total Receipts</b>	<u>1,717,475</u>	<u>822,797</u>	<u>99,880</u>	<u>676,029</u>	<u>567,822</u>	<u>3,884,003</u>
<b>Disbursements:</b>						
Salaries	160,831				28,907	189,738
Supplies	1,406					1,406
Equipment	6,974					6,974
Grants	846,486	836,447	99,880	566,776	281,384	2,630,973
Contract Services	41,140					41,140
Rentals	24,828					24,828
Advertising and Printing	1,678					1,678
Travel and Expenses	6,879					6,879
Public Employee's Retirement	45,467					45,467
Workers Compensation	1,245					1,245
Other	106,477					106,477
<b>Total Disbursements</b>	<u>1,243,411</u>	<u>836,447</u>	<u>99,880</u>	<u>566,776</u>	<u>310,291</u>	<u>3,056,805</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)
<b>Net Change in Fund Balance</b>	<u>474,064</u>	<u>(13,650)</u>		<u>109,253</u>	<u>257,531</u>	<u>827,198</u>
<b>Fund Balance Beginning of Year</b>	<u>1,208,854</u>	<u>32,789</u>	<u>288,551</u>	<u>15,459</u>	<u>62,314</u>	<u>1,607,967</u>
<b>Fund Balance End of Year</b>	<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>

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 CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Taxes	\$1,390,094	\$1,395,600	\$1,423,853	\$28,253
Grants				
Intergovernmental	238,206	232,700	225,724	(6,976)
Other Board Receipts	60,000	62,000	67,898	5,898
Total Receipts	<u>1,688,300</u>	<u>1,690,300</u>	<u>1,717,475</u>	<u>27,175</u>
<b>Disbursements:</b>				
Salaries	186,000	162,093	160,831	1,262
Supplies	6,000	2,500	1,406	1,094
Equipment	11,000	11,000	9,415	1,585
Grants	1,286,086	1,029,662	990,616	39,046
Contracts-Services	40,000	40,000	41,140	(1,140)
Rentals	24,828	24,828	24,828	
Advertising and Printing	2,042	2,042	1,721	321
Travel and Expenses	8,700	7,700	7,694	6
Public Employee's Retirement	48,300	48,300	45,467	2,833
Workers Compensation	5,500	2,000	1,246	754
Other	121,700	110,400	106,724	3,676
Total Cash Disbursements	<u>1,740,156</u>	<u>1,440,525</u>	<u>1,391,088</u>	<u>49,437</u>
Excess of Receipts Over (Under) Disbursements	<u>(51,856)</u>	<u>249,775</u>	<u>326,387</u>	<u>76,612</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			200,000	200,000
Advances Out			(200,000)	(200,000)
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(51,856)	249,775	326,387	76,612
Fund Balance Beginning of Year	1,156,998	1,156,998	1,156,998	
Prior Year Encumbrances Appropriated	<u>51,856</u>	<u>51,856</u>	<u>51,856</u>	
Fund Balance End of Year	<u>\$1,156,998</u>	<u>\$1,458,629</u>	<u>\$1,535,241</u>	<u>\$76,612</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 CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - MENTAL HEALTH STATE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Receipts:</b>				
Grants	\$512,558	\$836,447	\$822,797	(\$13,650)
Total Receipts	<u>512,558</u>	<u>836,447</u>	<u>822,797</u>	<u>(13,650)</u>
<b>Disbursements:</b>				
Grants	512,558	836,447	836,447	
Total Cash Disbursements	<u>512,558</u>	<u>836,447</u>	<u>836,447</u>	
Excess of Receipts Over (Under) Disbursements			<u>(13,650)</u>	<u>(13,650)</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			50,000	50,000
Advances Out			<u>(50,000)</u>	<u>(50,000)</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balance			(13,650)	(13,650)
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>\$19,139</u>	<u>(\$13,650)</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 CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - MENTAL HEALTH FEDERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<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	\$98,309	\$103,810	\$99,880	(\$3,930)
Total Receipts	<u>98,309</u>	<u>103,810</u>	<u>99,880</u>	<u>(3,930)</u>
<b>Disbursements:</b>				
Grants	98,309	103,810	99,880	3,930
Total Disbursements	<u>98,309</u>	<u>103,810</u>	<u>99,880</u>	<u>3,930</u>
Changes in Fund Balance				
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>\$288,551</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**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - ALCOHOL/DRUG FEDERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>Receipts:</b>				
Grants	\$591,211	\$569,144	\$676,029	\$106,885
Total Receipts	<u>591,211</u>	<u>569,144</u>	<u>676,029</u>	<u>106,885</u>
<b>Disbursements:</b>				
Grants	591,211	569,144	569,144	
Total Cash Disbursements	<u>591,211</u>	<u>569,144</u>	<u>569,144</u>	
Excess of Receipts Over (Under) Disbursements			<u>106,885</u>	<u>106,885</u>
<b>Other Financing Sources (Uses):</b>				
Advances In			100,000	100,000
Advances Out			(100,000)	(100,000)
Total Other Financing Sources (Uses)				
Changes in Fund Balance			106,885	106,885
Fund Balance Beginning of Year	<u>15,459</u>	<u>15,459</u>	<u>15,459</u>	
Fund Balance End of Year	<u>\$15,459</u>	<u>\$15,459</u>	<u>\$122,344</u>	<u>\$106,885</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 CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS - ALCOHOL/DRUG STATE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Grants	\$101,384	\$891,822	\$567,822	(\$324,000)
Total Receipts	<u>101,384</u>	<u>891,822</u>	<u>567,822</u>	<u>(324,000)</u>
<b>Disbursements:</b>				
Salaries	15,000	28,907	28,907	
Grants	<u>94,590</u>	<u>871,120</u>	<u>295,077</u>	576,043
Total Cash Disbursements	<u>109,590</u>	<u>900,027</u>	<u>323,984</u>	<u>576,043</u>
Excess of receipts Over (Under) Disbursements	<u>(8,206)</u>	<u>(8,205)</u>	<u>243,838</u>	<u>252,043</u>
<b>Other Financing Sources (Uses)</b>				
Advances In			50,000	50,000
Advances Out			<u>(50,000)</u>	<u>(50,000)</u>
Total Other Financing Sources (Uses)				
Changes in Fund Balance	(8,206)	(8,205)	243,838	252,043
Fund Balance Beginning of Year	54,108	54,108	54,108	
Prior Year Encumbrances Appropriated	<u>8,206</u>	<u>8,206</u>	<u>8,206</u>	
Fund Balance End of Year	<u>\$54,108</u>	<u>\$54,109</u>	<u>\$306,152</u>	<u>\$252,043</u>

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

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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, 2014**

**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. 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 non-exchange transactions.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(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.

**1. Governmental Funds**

The Board classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Board's major governmental funds are the General Fund, Mental Health State Fund, 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 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, 2014  
(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 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, 2014.

**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, 2014  
(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 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 composed 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 2014 encumbrances, or expenses incurred in fiscal year 2014, which will be paid in fiscal year 2015. 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.

**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:

**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, 2014  
(Continued)**

**3. BUDGETARY BASIS OF ACCOUNTING (Continued)**

	<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	\$1,682,918	\$19,139	\$288,551	\$124,712	\$319,845
Encumbrances Outstanding	147,677			2,368	13,693
Budget Basis	<u>\$1,535,241</u>	<u>\$19,139</u>	<u>\$288,551</u>	<u>\$122,344</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, 2014, was \$2,435,165.

**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 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, 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 2014 represent the collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013 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 2014 (other than public utility property) represent the collection of calendar year 2014 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received in calendar year 2014 were levied after April 1, 2013, on the value as of December 31, 2012. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxed received from telephone companies in calendar year 2013 were levied after October 1, 2012, on the value as of December 21, 2012. 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.

**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, 2014  
(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, 2014, are available to finance fiscal year 2014 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 2014 taxes were collected are:

<b>First 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>
<b>Second Half Collections</b>	<b>2013</b>		
	<b>Mercer</b>	<b>Van Wert</b>	<b>Paulding</b>
Real Property			
Residential/Agriculture	\$776,619,560	\$462,981,770	\$290,420,200
Commercial/Industrial/Mineral	88,974,250	52,660,200	33,516,220
Tangible Personal Property	24,151,330	21,891,870	29,034,230
Total Assessed Value	<u>\$889,745,140</u>	<u>\$537,533,840</u>	<u>\$352,970,650</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, 2014 and December 31, 2013, 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 2014, member and employer contribution rates were consistent across all three plans.

**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, 2014  
(Continued)**

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

The Board's contribution rate for the period July 1, 2013 through June 30, 2014 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, 2013 through December 31, 2013, a portion of the Board's contribution equal to 1 percent of covered payroll was allocated to fund the post-retirement healthcare plan. For the period January 1, 2014 through June 30, 2014, 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, 2014, 2013 and 2012 were \$23,717, \$22,789, and \$20,124, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

**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.

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 2014 and 2013. 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 1 percent from July 1, 2013 through December 31, 2013, and 2 percent from January 1, 2014 through June 30, 2014.

**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

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, 2014, 2013 and 2012, were \$2,846, \$4,954, and \$8,050, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

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 June 30, 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 through June 30, 2016, 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.

**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  
OF MERCER, VAN WERT, AND PAULDING COUNTIES  
MERCER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Grant Year</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Department of Mental Health and Addiction Services (MHAS).</i>			
Social Services Block Grant	93.667	2014	\$47,141
Block Grants for Community Mental Health Services	93.958	2014	52,739
Block Grants for Prevention and Treatment of Substance Abuse: Alcohol, Drug and Rehabilitation Block Grant	93.959	2014	281,158
Women's Set Aside Grant	93.959	2014	284,509
Youth Led Prevention	93.959	2014	1,109
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>566,776</u>
Total Federal Assistance			<u><u>\$666,656</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  
OF MERCER, VAN WERT AND PAULDING COUNTIES  
MERCER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - MATCHING REQUIREMENTS**

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





# 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 financial statements of the governmental activities and each major fund of 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 year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated November 20, 2014, 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 opinions 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 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, flowing style.

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

November 20, 2014



# Dave Yost • Auditor of State

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

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

To the Members of the Board:

### ***Report on Compliance for the Major Federal Program***

We have audited the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert, and Paulding Counties (the Board's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal program.

### ***Management's Responsibility***

The Board's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

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

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Board's major program. However, our audit does not provide a legal determination of the Board's compliance.

### ***Opinion on the Major Federal Program***

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 compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402  
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688

[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Report on Internal Control Over Compliance***

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



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

November 20, 2014

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

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

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

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

None

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

None

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# Dave Yost • Auditor of State

**TRI-COUNTY ADAMHS BOARD OF MERCER, VAN WERT AND PAULDING COUNTIES**

**MERCER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 6, 2015**