

**ALCOHOL, DRUG, AND MENTAL HEALTH  
BOARD OF FRANKLIN COUNTY  
FRANKLIN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2011**



**Dave Yost • Auditor of State**



ALCOHOL, DRUG AND MENTAL HEALTH BOARD  
OF FRANKLIN COUNTY  
Columbus, Ohio

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FINANCIAL STATEMENTS

December 31, 2011

CONTENTS

INDEPENDENT ACCOUNTANTS' REPORT .....	1
MANAGEMENT'S DISCUSSION AND ANALYSIS .....	3
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET ASSETS.....	15
STATEMENT OF ACTIVITIES.....	16
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS.....	17
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES.....	18
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS .....	19
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES.....	20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND .....	21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-BUDGET (NON-GAAP BASIS) AND ACTUAL – STATE MENTAL HEALTH, ALCOHOL AND DRUG FUND .....	22
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUND.....	23
NOTES TO THE BASIC FINANCIAL STATEMENTS.....	25
SUPPLEMENTARY INFORMATION	
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE.....	39
NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE.....	40
INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS.....	41
INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	43
SCHEDULE OF FINDING .....	45
SCHEDULE OF PRIOR AUDIT FINDING .....	46

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

May 17, 2012

Alcohol, Drug, and Mental Health Board of Franklin County  
Franklin County  
447 East Broad Street  
Columbus, Ohio 43215

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alcohol, Drug, and Mental Health Board of Franklin County, Franklin County, Ohio (the ADAMH Board), a blended component unit presented as a major special revenue fund of Franklin County, Ohio as of and for the year ended December 31, 2011, which collectively comprise the ADAMH Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the ADAMH Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcohol, Drug, and Mental Health Board, Franklin County, Ohio, as of December 31, 2011, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and State Mental Health, Alcohol, and Drug funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 10, during the year ended December 31, 2011, the ADAMH Board adopted the provisions of Governmental Accounting Standards Board Statement No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2012, on our consideration of the ADAMH Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

May 17, 2012

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011  
(UNAUDITED)

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As management of the Alcohol, Drug and Mental Health ("ADAMH") Board, we are providing this overview of ADAMH Board's financial activities for the year ended December 31, 2011. Please read this overview in conjunction with the ADAMH Board's basic financial statements, which follow.

The ADAMH Board is included as a blended component unit within the Franklin County Comprehensive Annual Financial Report as a major special revenue fund. ADAMH Board uses its General Fund to report its financial position and results of operations. We believe these financial statements present all activities for which ADAMH Board is financially responsible.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the year ended December 31, 2011 are as follows:

- The ADAMH Board's assets exceeded its liabilities at the close of 2011 by \$69,358,514 of this amount, \$5,005,444 is considered restricted.
- As of the close of 2011, the ADAMH Board's governmental funds reported combined ending restricted fund balances of \$3,351,312.
- As of the close of 2011, the ADAMH Board had cumulated deposit amounts totaling \$63,860,280.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the ADAMH Board as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

**Government-wide Financial Statements**

The government-wide financial statements provide information about the activities of the whole ADAMH Board, presenting both an aggregate view of the ADAMH Board's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remains for future spending. The fund financial statements also look at the ADAMH Board's most significant funds with all other non-major funds presented in total in one column.

While this document contains information about the funds used by the ADAMH Board to provide services to our citizens, the view of the ADAMH Board as a whole looks at all financial transactions and asks the question, "How did we do financially during the year ended December 31, 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011

(UNAUDITED)

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into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the ADAMH Board's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the ADAMH Board as a whole, the financial position of the ADAMH Board has improved or diminished. However, in evaluating the overall position of the ADAMH Board, non-financial information such as the condition of the ADAMH Board capital assets will also need to be evaluated.

**Fund Financial Statements**

Fund financial statements provide detailed information about the ADAMH Board's major funds. Based upon restrictions on the use of monies, the ADAMH Board has established many funds which account for the multitude of services provided to our constituents. The ADAMH Board's funds are divided into two categories: governmental funds and fiduciary funds.

**Governmental Funds**

The ADAMH Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the ADAMH Board's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our constituents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

The ADAMH Board maintains nine individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and State Mental Health Alcohol and Drug Fund. Data from the other seven governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found starting on page 19 of this report.

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the ADAMH Board. Fiduciary funds are not reflected in the government-wide financial statements because those resources are not available to support the ADAMH Board's own programs. The basic fiduciary fund financial statement can be found on page 23.



**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011  
(UNAUDITED)

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**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 24 of this report.

**THE ADAMH BOARD AS A WHOLE**

Recall that the Statement of Net Assets provides the perspective of the ADAMH Board as a whole. Table 1, below, provides a summary of the ADAMH Board's net assets for 2011 compared to 2010.

**Table 1. Net Assets**

	<u><b>Governmental Activities</b></u>	
	<u><b>2011</b></u>	<u><b>2010</b></u>
Current and other assets	\$ 128,270,353	\$ 139,622,863
Capital assets	2,232,342	2,271,027
Total Assets	<u>130,502,695</u>	<u>141,893,890</u>
Current liabilities	60,627,097	78,065,849
Long-term liabilities	517,084	555,058
Total Liabilities	<u>61,144,181</u>	<u>78,620,907</u>
Invested in Capital Assets Net of Related Debt	2,232,342	2,271,027
Restricted for:		
Health Services	5,005,444	17,183,626
Unrestricted	62,120,728	43,818,330
Total Net Assets	<u>\$ 69,358,514</u>	<u>\$ 63,272,983</u>

Total assets decreased by \$11.4 million (8.0%) between 2010 and 2011. This decrease is primarily attributed to the impact of the ADAMH Board's policy change in how it funded Medicaid match between State Fiscal Year (SFY) 2010 and 2011 and the State's adoption of Medicaid reform, effective with SFY 2011. Also contributing to the decrease:

- \$23.0 million increase in levy equity with the county treasurer. The ADAMH Board is operating in the fourth year of a 10-year levy cycle. The ADAMH Board's levy revenue collections are relatively flat over a 10-year period. To manage inflation and natural growth in our system, ADAMH accrues cash reserves in the first 3-4 years of the levy cycle in order to accommodate deficit financing in the last 4-5 years of the levy cycle.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011  
(UNAUDITED)

Additionally in SFY 2011, the ADAMH Board implemented a cap that limited the amount of levy funds used to fund Medicaid match.

- \$26.8 million decrease in due from other governments. This decrease is attributed to the impact of the State's adoption of Medicaid reform. Effective with SFY 2011, the ADMAH Board is serving as the fiscal agent for the Medicaid program and as such the transactions are reported in the agency fund.

Total liabilities decreased by \$17.5million (22%) between 2010 and 2011. This decrease is primarily attributed to:

- \$13.0 million decrease in accounts payable. This decrease can be attributed to the impact of the State's adoption of Medicaid reform. Effective with SFY 2011, the ADAMH Board is serving as the fiscal agent for the Medicaid program and as such the transactions are reported in the agency fund.

**Table 2. Changes in Net Assets**

	<b><u>Governmental Activities</u></b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>
Program Revenues:		
Grants and Contributions	\$ 47,636,114	\$ 100,341,337
General Revenues:		
Property Taxes	53,710,856	53,045,516
Grants and Entitlements	9,128,142	11,105,474
Other Unrestricted Revenues	212,407	168,607
Total Revenues	<u>110,687,519</u>	<u>164,660,934</u>
Expenses:		
Health Services	96,987,529	139,418,299
General Government	7,614,459	5,972,958
Interest on Long-Term Debt	-	2,761
Total Expenses	<u>104,601,988</u>	<u>145,394,018</u>
Change in Net Assets	6,085,531	19,266,916
Net Assets – beginning	<u>63,272,983</u>	<u>44,006,067</u>
Net Assets – ending	<u>\$ 69,358,514</u>	<u>\$ 63,272,983</u>

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011  
(UNAUDITED)

Program revenues consist mainly of grants from federal and state sources. Health services expenses consist solely of contract payments to service providers. General government expenses are the administrative expenses of the ADAMH Board.

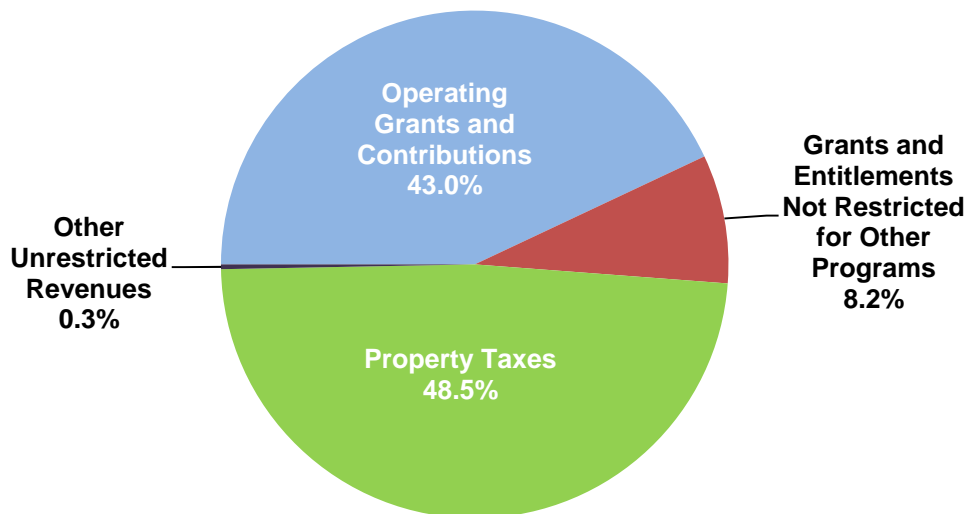
**Total Versus Net Cost of Services**

The Statement of Activities shows the cost of program services and the charges for services and grants associated with those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues. When applicable, the net cost of program services must be supported by general revenues including tax revenue and unrestricted grants.

**Table 3. Functions/Programs** The ADAMH Board's reliance upon both grants and property taxes is

<u>Functions/Programs</u>	<u>2011 Total Cost of Services</u>	<u>2010 Total Cost of Services</u>	<u>2011 Net Cost of Services</u>	<u>2010 Net Cost of Services</u>
Governmental Activities:				
Health Services	\$ 96,987,529	\$ 139,418,299	\$ 49,351,415	\$ 39,076,962
General Government	7,614,459	5,972,958	7,614,459	5,972,958
Interest on long-term debt	-	2,761	-	2,761
Total Governmental Activities	<u>\$ 104,601,988</u>	<u>\$ 145,394,018</u>	<u>\$ 56,965,874</u>	<u>\$ 45,052,681</u>

demonstrated by the chart below indicating 43.0% of total revenues from grants, approximately 48.5% of revenues from property taxes, and approximately 8.2% of revenues from grants and entitlements not restricted for other programs. The general revenues from property taxes and grants and entitlements not restricted for other programs are intended to cover the net cost of services indicated in Table 3, above.



**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011

(UNAUDITED)

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Property taxes (\$53.7 million, 48.5% of 2011 revenues) are generated from a 2.2 mil 10-year levy that began collections in calendar year 2007. Revenues in this category are contingent upon property valuations of residential and commercial real estate and tangible personal property (TPP) (refer to Note 1, Section G for details regarding the phase-out of TPP).

Grants and entitlements not restricted to specific programs (\$9.1 million, 8.2% of 2011 revenues) are comprised of State reimbursements of property taxes (real estate, personal property, personal property replacement and manufactured homes).

Operating grants and contributions of \$47.6 million, 43.0% of 2011 revenues, decreased by \$52.7 or 52.5% between 2010 and 2011. This is attributed to the impact of the State's adoption of Medicaid reform. Effective with SFY 2011, the ADAMH Board is serving as the fiscal agent for the Medicaid program and as such the transactions are reported in an agency fund.

### **THE ADAMH BOARD'S FUNDS**

As noted earlier, the ADAMH Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the ADAMH Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the ADAMH Board's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of 2011, the ADAMH Board's governmental funds reported combined ending fund balances of \$59,161,550, a 36.0% increase over the prior year. The net factors included a combination of an increase to the General Fund and a decrease to the State Mental Health, Alcohol and Drug funds:

- A \$4 million cap limited the amount of local tax revenue that could be used as Medicaid match in the general fund.
- A \$22.4 million increase in Equity with County Treasurer mainly due to the elevation of Medicaid financing to the State of Ohio. Effective July 1, 2011, Medicaid transactions are recorded in an agency fund, this resulted in a \$34.5 million or 31.9% decrease in expenses in the General Fund over the prior year.
- The ADAMH Board experienced significant State funding reductions from Ohio Department of Alcohol and Drug Addiction Services (ODADAS) and Ohio Department of Mental Health (ODMH) since SFY 2009. Following the 40% decrease from SFY 2008 to SFY 2010, state investments in local funding have decreased by an additional 25% in the current biennium in the state mental health and alcohol drug fund.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2011.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011  
(UNAUDITED)

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**Table 4. Changes in Governmental Assets**

	<b>Fund Balance</b>	<b>Fund Balance</b>	<b>Increase</b>
	<b>12-31-2011</b>	<b>12-31-2010</b>	<b>(Decrease)</b>
General	\$ 55,810,238	\$ 33,429,072	\$ 22,381,166
State Mental Health, Alcohol and Drug	1,640,878	7,872,737	(6,231,859)
Other Governmental	1,710,434	2,206,975	(496,541)
Total	<u>\$ 59,161,550</u>	<u>\$ 43,508,784</u>	<u>\$ 15,652,766</u>

**GENERAL FUND BUDGETARY INFORMATION**

The ADAMH Board's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances.

During the course of 2011, the ADAMH Board amended its General Fund revenue budget throughout the year. For the General Fund, original and final budgeted revenues were \$124,074,411 and \$124,255,326, respectively. Actual revenues for fiscal year 2011 was \$106,457,347. This represents a \$(17,797,979) shortage of final budgeted revenues.

General Fund original appropriations were \$113,594,594. Since providers had until January 25, 2012 to submit claims and block grant requests for contract year 2011 activity, some of the expenditures did not occur until calendar year 2011, thus the actual 2011 budget basis expenditures totaled \$83,903,065, which was \$12,713,626 less than the final budgeted appropriations.

**CAPITAL ASSETS**

The ADAMH Board's investment in capital assets for its governmental activities as of December 31, 2011 amounts to a total cost of \$3,632,682, or \$2,232,342 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, and machinery and equipment. 60.5% of the ADAMH Board's investment in capital assets is in the Engagement Center, a mental health and substance abuse treatment facility. Total depreciation for the twelve-month period was \$99,211. Detailed information regarding capital asset activity is included in the Note 3 to the basic financial statements.

**CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS**

1. Over the next five years, the ADAMH Board envisions the consumer landscape will be impacted by the following six challenges and opportunities:
  - a. Changing community demographics, continuing severe economic stressors and increased complexity of consumer and family needs will challenge the ADAMH Board to provide culturally competent services, delivered by culturally capable professionals that address the following socioeconomic and health factors:

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011

(UNAUDITED)

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- i. Sustained levels of unemployment and associated mental health and addiction implications;
    - ii. Increased numbers of uninsured citizens;
    - iii. Increased poverty – more people are in more extreme poverty;
    - iv. People exposed to trauma (neighborhood, war, etc);
    - v. Children, youth and families at risk;
    - vi. Emerging immigrants;
    - vii. Stigma;
    - viii. Aging population and caregivers;
    - ix. Integration of increased numbers of ex-offenders into community;
    - x. Diversion from jails/prisons;
    - xi. Increasing acuity of consumers at time of entry into system; and
    - xii. Homelessness.
  - b. Increasing number of diverse healthcare plans with differing benefits (e.g. access to medications) will challenge consumers and families in meeting their expectations from multiple public payer systems.
  - c. A significant increase in the need for specialized treatments for individuals with dual disorders (i.e. both mental health and substance abuse) as well as an increase in the demand for intensive treatments (e.g. high use of psychiatric beds and crisis services.).
  - d. An expectation for health care “homes” in which mental health and substance abuse treatment is integrated with primary healthcare rather than a separate and distinct system.
  - e. Increased demand for more supportive housing and support services (e.g. vocational, crisis stabilization) will require the ADAMH Board to determine the unmet need and the level of supports that are required within a continuum of care.
  - f. Increased advocacy from consumers and family members for vital services from the public system of care.
2. The ADAMH Board envisions the provider network will be impacted by the following three challenges and opportunities:
- a. Capability of providers to meet the demands of consumers will be challenged by:
    - i. Rapidly changing reimbursement environment with multiple healthcare plans for insured & non-insured consumers;
    - ii. Increased demand for price, quality, transparency, and performance reimbursements; and
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**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011  
(UNAUDITED)

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- iii. Insufficient diversity in the workforce.
  - b. Opportunity to partner with primary healthcare providers to develop integrated systems of care that address both the mental health and substance abuse treatment and physical healthcare needs of the patient.
  - c. Sustainability of the current provider system (e.g. network of providers) in light of changing reimbursement structures.
3. The ADAMH Board envisions the community will be impacted by the following eight challenges and opportunities:
- a. Availability of discretionary funds (resources available) is uncertain due to the:
    - i. Reduction in local levy funds due to slowed housing starts or de-valuation of property;
    - ii. Uncertainty of community support of the local levy due to continued economic uncertainty;
    - iii. Reduction of non-levy discretionary funds as a result of economic recession; and
    - iv. Elevation of Medicaid match financing to the State of Ohio.
  - b. Re-definition of the ADAMH Board's relationship with the State's hospitalization program.
  - c. Increased number of consumers who are Medicaid-eligible will require the Board to:
    - i. Re-define its relationship with the Medicaid program; and
    - ii. Evaluate the impact of the State's Medicaid cost-containment, including the possibility of managed care.
  - d. Impact of Federal Affordable Healthcare Act on the ADAMH Board system of care from 2014 and beyond is uncertain due to the:
    - i. Development of medical home models;
    - ii. Growth in Medicaid eligibility;
    - iii. Development of health care exchanges;
    - iv. Employer choice to opt-in/out;
    - v. Continuing political/legal challenges to implementation; and
    - vi. Health information technologies.
  - e. Changing community expectations for priority prevention and treatment services that will be available within the new business environment:
    - i. Integration of new models of prevention services into diverse learning environments;

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011  
(UNAUDITED)

- ii. New requirements for school-based civic service or service leadership may create opportunities for community organizations;
  - iii. Increase of violence, crime, and deteriorating conditions in certain communities threaten the health, safety and stability of its citizens (particularly youth);
  - iv. Loss of income, housing, jobs, and other life-threatening conditions are negatively impacting the health/stability of citizens and families;
  - v. Integration of new models of treatment services that incorporate peer supported environments;
  - vi. Faith institutions are being sought by residents seeking a wide range of services (i.e., food, shelter, counseling, youth programs, safety, etc.).
- f. Increased poverty – more people are in more extreme poverty.
  - g. Increased expectations among all funders for systems to collaborate.
  - h. Increased advocacy from and for consumers and family members for vital services.

**4. State Funding SFY 2012 & 2013 State Biennial Budget**

The ADAMH Board has experienced significant State funding reductions from ODADAS and ODMH since SFY 2009. Following the 40% decrease from SFY 2008 to SFY 2010, state investments in local funding have decreased by an additional 25% in the current biennium.

**Table 5: State Funding**

<u>Agency</u>	<u>SFY 2010</u>	<u>SFY 2011</u>	<u>SFY 2012</u>	<u>SFY 2010 to SFY 2012</u>	
				<u>\$ Variance</u>	<u>% Variance</u>
ODADAS	\$ 10,446,898	\$ 11,122,782	\$ 6,034,625	\$ (4,412,273)	-42%
ODMH	14,061,924	22,202,687	12,314,513	(1,747,411)	-12%
Grand Total	<u>\$ 24,508,822</u>	<u>\$ 33,325,469</u>	<u>\$ 18,349,138</u>	<u>\$ (6,159,684)</u>	<u>-25%</u>

**5. Levy Revenues**

The recent reduction in housing values from the sextennial assessment resulted in a 6.2% decrease in property tax values. In addition, the recent state biennial budget has accelerated the phase out of the TPP hold harmless provisions. Both of these factors have decreased the revenue received from the ADAMH Board property tax levy. The ADAMH Board projects no more than a 1% annual rate of recovery from this loss through end of the current levy cycle in 2016.



**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the year ended December 31, 2011  
(UNAUDITED)

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**Table 6: Levy Revenues**

Description	2006	2007	2008	2009	2010	2011
Real Estate Tax	\$34,923,837	\$53,476,890	\$52,634,408	\$52,793,743	\$53,674,034	\$53,092,693
Personal Property Tax	3,806,593	2,987,774	1,634,479	349,796	168,071	37,704
House Trailer Tax	24,339	35,834	28,360	26,646	23,830	23,140
State Reimbursement - Real Estate Taxes	2,920,382	5,093,173	5,886,487	5,975,139	6,001,417	6,039,324
State Reimbursement - Personal Property Tax	142,255	88,171	69,347	34,673	0	0
State Reimbursement - Public Utility Tax Replacement	444,360	355,488	500,229	443,017	410,547	177,744
State Reimbursement - Manufactured Homes	1,884	3,556	11,300	11,875	12,416	12,436
State Reimbursement - Personal Property Replacement	1,294,946	2,363,403	3,372,951	4,646,113	4,749,896	3,532,214
	<u>\$43,558,596</u>	<u>\$64,404,289</u>	<u>\$64,137,561</u>	<u>\$64,281,002</u>	<u>\$65,040,211</u>	<u>\$62,915,255</u>

**6. Medicaid Elevation**

The State of Ohio is in the middle of a two part "elevation" of its Medicaid program. Beginning with SFY 2012 the state assumed responsibility for the financing of medicaid match. This has a material financial impact (benefit) for the ADAMH Board given the approximately \$17 million in local levy resources that were used to fund Medicaid match in the previous three years.

In SFY 2012, the ADAMH Board will continue to administer the payments of Medicaid claims, but the State will be financially responsible for all Medicaid match. In SFY 2013, all aspects of Medicaid administration would be managed at the State level.

The ADAMH Board's calendar year 2013 projected expenditure budget will be materially reduced from previous years (see table); nevertheless, the ADAMH Board's discretionary budget (authority) will actually increase from previous years as an overall result of Medicaid elevation.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

For the year ended December 31, 2011  
(UNAUDITED)

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**Table 7: Budget**

<b>Calendar Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
ADAMH Discretionary Budget	\$ 54,419,433	\$ 45,506,610	\$ 48,578,821	\$ 50,830,470	\$ 64,487,665
ADAMH Total Expenditure Budget	\$ 144,959,063	\$ 142,542,861	\$ 145,484,214	\$ 127,403,675	\$ 77,725,761

**7. SHARES and The Three C COG**

The Alcohol, Drug and Mental Health Board of Franklin County, the Hamilton County Mental Health and Recovery Services Board and the Alcohol, Drug Addiction, and Mental Health Services Board of Cuyahoga County who jointly have formed a Council of Government entity, known as the *Three C Recovery and Health Care Network* (COG), are soliciting competitive sealed proposals for a Shared Healthcare and Recovery Enterprise System (SHARES) that will support management of client enrollment, benefit management, provider contracting, payment processes, and utilization and outcomes management. SHARES is necessary to support the payor role of the boards, as a component of the local authority's statutory responsibility for developing, funding, overseeing, and evaluating mental health and substance abuse care for their respective jurisdictions at this time.

**CONTACTING THE ADAMH BOARD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide an overview of ADAMH Board's finances and its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jonathan Wylly, Chief Financial Officer, Alcohol, Drug and Mental Health Board of Franklin County, 447 East Broad Street, Columbus, Ohio 43215-3822, phone number 614-222-3790.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**STATEMENT OF NET ASSETS**

December 31, 2011

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Equity with County Treasurer	\$ 63,860,280
Accounts receivable	344
Due from other governments	7,583,882
Property taxes receivable	56,825,847
Capital assets, net of accumulated depreciation:	
Nondepreciable	236,113
Depreciable	<u>1,996,229</u>
Total assets	<b><u>\$ 130,502,695</u></b>
<b>LIABILITIES</b>	
Accrued wages	242,458
Accounts Payable	5,306,535
Due to other governments	18,904
Unearned Revenue	55,059,200
Long-term liabilities:	
Due within one year	69,601
Due in more than one year	<u>447,483</u>
Total liabilities	<u>61,144,181</u>
<b>NET ASSETS</b>	
Invested in capital assets	2,232,342
Restricted for:	
Health Services	5,005,444
Unrestricted	<u>62,120,728</u>
Total net assets	<u>69,358,514</u>
Total liabilities and net assets	<b><u>\$ 130,502,695</u></b>

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*See accompanying notes to the basic financial statements.*

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**STATEMENT OF ACTIVITIES**

For the year ended December 31, 2011

		Program Revenues	Net (Expense) Revenue & Change In Net Assets
	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:			
Health Services	\$ 96,987,529	\$ 47,636,114	\$ (49,351,415)
General Government	<u>7,614,459</u>	<u>-</u>	<u>(7,614,459)</u>
Total Governmental Activities	104,601,988	47,636,114	(56,965,874)
General Revenues:			
Property taxes - General Purpose			53,710,856
Grants and Entitlements Not Restricted to Specific Programs			9,128,142
Other unrestricted revenues			<u>212,407</u>
Total general revenues			<u>63,051,405</u>
Change in Net Assets:			
Net assets - beginning			<u>63,272,983</u>
Net assets - ending			<u>\$ 69,358,514</u>

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**BALANCE SHEET**  
**ALL GOVERNMENTAL FUNDS**  
December 31, 2011

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	<b>General</b>	<b>State Mental Health Alcohol &amp; Drug</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Equity with County Treasurer	\$ 60,909,632	\$ 1,326,156	\$ 1,624,492	\$ 63,860,280
Accounts receivable	344	-	-	344
Due from other Governments	3,428,854	1,591,239	2,563,789	7,583,882
Property taxes receivable	56,825,847	-	-	56,825,847
Total assets	<u><u>\$ 121,164,677</u></u>	<u><u>\$ 2,917,395</u></u>	<u><u>\$ 4,188,281</u></u>	<u><u>\$ 128,270,353</u></u>
<b>LIABILITIES</b>				
Accrued wages	242,458	-	-	242,458
Accounts payable	3,206,303	398,877	1,701,355	5,306,535
Due to other Governments	18,904	-	-	18,904
Deferred revenues	6,827,574	877,640	776,492	8,481,706
Unearned revenue	55,059,200	-	-	55,059,200
Total liabilities	<u><u>65,354,439</u></u>	<u><u>1,276,517</u></u>	<u><u>2,477,847</u></u>	<u><u>69,108,803</u></u>
<b>Fund Balance</b>				
Restricted	-	1,640,878	1,710,434	3,351,312
Unassigned	55,810,238	-	-	55,810,238
Total fund balances	<u><u>55,810,238</u></u>	<u><u>1,640,878</u></u>	<u><u>1,710,434</u></u>	<u><u>59,161,550</u></u>
Total liabilities and fund balances	<u><u>\$ 121,164,677</u></u>	<u><u>\$ 2,917,395</u></u>	<u><u>\$ 4,188,281</u></u>	<u><u>\$ 128,270,353</u></u>

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

December 31, 2011

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**Total Governmental Fund Balances** **\$ 59,161,550**

*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 2,232,342

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. 8,481,706

Long-term liabilities, including capital lease obligations and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences Payable (517,084)

**Net Assets of Governmental Activities** **\$ 69,358,514**

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the year ended December 31, 2011

	<u>General Fund</u>	<u>State Mental Health Alcohol &amp; Drug</u>	<u>Other Government Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 53,192,830	\$ -	\$ -	\$ 53,192,830
Intergovernmental	42,541,367	11,246,281	12,936,361	66,724,009
Other	212,407	750	124,046	337,203
Total revenues	<u>95,946,604</u>	<u>11,247,031</u>	<u>13,060,407</u>	<u>120,254,042</u>
<b>Expenditures</b>				
Current Operations				
Health Services	65,951,692	17,478,891	13,556,946	96,987,529
General government	7,613,748	-	-	7,613,748
Total expenditures	<u>73,565,440</u>	<u>17,478,891</u>	<u>13,556,946</u>	<u>104,601,277</u>
Net change in fund balances	22,381,164	(6,231,860)	(496,539)	15,652,765
Fund balances - beginning	<u>33,429,074</u>	<u>7,872,738</u>	<u>2,206,973</u>	<u>43,508,785</u>
Fund balances - ending	<u>\$ 55,810,238</u>	<u>\$ 1,640,878</u>	<u>\$ 1,710,434</u>	<u>\$ 59,161,550</u>

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the year ended December 31, 2011

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**Net Change in Fund Balances – Total Governmental Funds** **\$ 15,652,765**

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period,

Capital Outlay	60,526	
Depreciation	(99,211)	(38,685)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (9,566,523)

Some expenses reported in the statement of activities, such as compensated absences payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 37,974

**Change in Net Assets of Governmental Activities** **\$ 6,085,531**



**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – BUDGET (NON-GAAP BASIS)**  
**AND ACTUAL – GENERAL FUND**  
For the year ended December 31, 2011

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Budgetary Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Real Estate Taxes	\$ 53,430,261	\$ 55,498,773	\$ 53,153,537	\$ (2,345,236)
Intergovernmental	70,379,300	68,491,703	53,067,180	(15,424,523)
Other Revenue	264,850	264,850	236,630	(28,220)
Total Revenue	124,074,411	124,255,326	106,457,347	(17,797,979)
 <b>Expenditures:</b>				
Health Services	105,477,137	88,499,234	76,400,485	12,098,749
General Government	8,117,457	8,117,457	7,502,580	614,877
Total expenditures	113,594,594	96,616,691	83,903,065	12,713,626
Net change in fund balance	10,479,817	27,638,635	22,554,282	(5,084,353)
Fund balances – beginning	34,903,017	34,903,017	34,903,017	-
Fund balances – ending	<b>\$ 45,382,834</b>	<b>\$ 62,541,652</b>	<b>\$ 57,457,299</b>	<b>\$ (5,084,353)</b>

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES – BUDGET (NON-GAAP BASIS)**  
**AND ACTUAL – STATE MENTAL HEALTH, ALCOHOL AND DRUG FUND**  
For the year ended December 31, 2011

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	<b>Original Budget</b>	<b>Final Budget</b>	<b>Budgetary Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Intergovernmental	\$ 23,626,560	\$ 23,640,463	\$ 15,949,284	\$ (7,691,179)
Total Revenue	<u>23,626,560</u>	<u>23,640,463</u>	<u>15,949,284</u>	<u>(7,691,179)</u>
 Expenditures:				
Health	<u>27,489,710</u>	<u>21,415,011</u>	<u>20,237,090</u>	<u>1,177,921</u>
Total expenditures	<u>27,489,710</u>	<u>21,415,011</u>	<u>20,237,090</u>	<u>1,177,921</u>
 Net change in fund balance	(3,863,150)	2,225,452	(4,287,806)	(6,513,258)
 Fund balances – beginning	5,613,960	5,613,960	5,613,960	-
Fund balances – ending	<u>\$ 1,750,810</u>	<u>\$ 7,839,412</u>	<u>\$ 1,326,154</u>	<u>\$ (6,513,258)</u>

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*See accompanying notes to the basic financial statements.*

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**

For the year ended December 31, 2011

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**ASSETS**

Equity with County Treasurer	\$ 3,966,608
Due from other Governments	<u>7,233,236</u>
Total Assets	<u>11,199,844</u>

**LIABILITIES**

Accounts Payable	<u>11,199,844</u>
Total Liabilities	<u>11,199,844</u>

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**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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**NOTE 1. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Alcohol, Drug and Mental Health Board of Franklin County (the “ADAMH Board”) is a blended component unit, presented as a major special revenue fund of Franklin County, Ohio. The ADAMH Board operates in accordance with Section 340 of the Ohio Revised Code. The Franklin County Commissioners appoint a majority of the Board members and serve as the local levy taxing authority for the ADAMH Board. The Franklin County Auditor and the Franklin County Treasurer, which are elected positions, serve respectively as Chief Fiscal Officer and Custodian of all public funds.

The ADAMH Board serves as the planning agency in Franklin County for mental health and alcohol and other substance abuse services. It evaluates and assesses the needs for these services in Franklin County. It also receives funding from federal, state and local sources and distributes these monies to contract agencies which then provide services to those who suffer from mental illness and/or alcohol or substance abuse.

Component units are legally separate organizations for which the ADAMH Board is financially accountable. The ADAMH Board is financially accountable for an organization if the ADAMH Board appoints a voting majority of the organizations’ governing board and (1) the ADAMH Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the ADAMH Board is legally entitled to or can otherwise access the organizations’ resources; or (3) the ADAMH 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 ADAMH Board is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the ADAMH Board in that the ADAMH Board approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criterion, the ADAMH Board has no component units. The basic financial statements of the reporting entity include only those of the ADAMH Board. The following organizations are described due to their relationship to the ADAMH Board:

*RELATED ORGANIZATION:*

Franklin County Family and Children First Council—The operation of the Franklin County Family and Children First Council is controlled by an Oversight Committee chaired by the - ADAMH Board CFO. The ADAMH Board CEO serves on the Executive Council. The Educational Service Center of Central Ohio is the administrative and fiscal agent.

*JOINT VENTURE:*

Three C Recovery and Health Care Network—The Alcohol, Drug and Mental Health Board of Franklin County, the Alcohol, Drug Addiction and Mental Health Services Board of Cuyahoga County, and the Hamilton County Mental Health and Recovery Services Board formed a council of governments (COG) pursuant to Chapters 340 and 167 of the Ohio Revised Code. The purpose of the COG is to work collaboratively to plan and develop a new health care management information system known as the “Shared Health and Recovery Enterprise System” (SHARES). As of the date of this report, the COG is still in the planning stages. See Subsequent Event note, Note 11, for more information.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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**B. Measurement focus, basis of accounting, and financial statement presentation**

The basic financial statements of the ADAMH Board have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The ADAMH Board also applies Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Non-exchange transactions, in which the ADAMH Board receives value without directly giving equal value in return, include grants and entitlements.

Because different measurement focuses and bases of accounting are used in the government-wide Statement of Net Assets and in governmental fund statements, amounts reported as *restricted fund balances* in governmental funds may be different from amounts reported as *restricted net assets* in the Statement of Net Assets.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *State Mental Health Alcohol and Drug Fund* is a special revenue fund used to account for programs funded with proceeds received from the State of Ohio.

Fiduciary Fund—Fiduciary fund reporting uses the accrual basis of accounting. Because of their custodial nature, fiduciary funds do not measure results of operations and do not have a measurement focus. The ADAMH Board uses an agency fund to account for the assets held in a custodial capacity as fiscal agent for the Ohio Departments of Mental Health and Alcohol, Drug Addiction Medicaid program.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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Revenue—Revenue from grants and entitlements is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the ADAMH Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the ADAMH Board on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue—Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

Unearned Revenue—On governmental fund financial statements, receivables that will not be collected within the available period have been reported as unearned revenue.

Expenses/Expenditures—The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

### **C. Fund Balance Classifications**

Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” presents five fund balance classifications and clarifies the existing governmental fund type definitions.

Nonspendable Fund Balance—the nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

Restricted Fund Balance—the restricted classification is used when constraints place on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions (City Charter) or enabling legislation.

Committed Fund Balance—the committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

Assigned Fund Balance—assigned fund balance includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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Unassigned Fund Balance—Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Based on GASB 54 fund balance classification, the ADAMH Board's General Fund is reported as unassigned and the special revenue fund balances are restricted.

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

**D. Government-wide and fund financial statements**

Government-wide Financial Statements—The Statement of Net Assets and the Statement of Activities display information about the ADAMH Board as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the ADAMH Board's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function.

Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the ADAMH Board. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the ADAMH Board.

Fund Financial Statements—Fund financial statements report detailed information about the ADAMH Board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.



**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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**E. Budgetary Process**

Legal Requirements—In accordance with Ohio law, annual budgets are adopted for the General Fund, special revenue funds, debt service fund, capital projects funds and proprietary funds. The Franklin County Budget Commission, composed of the Auditor, Treasurer and Prosecutor, approves tax budgets and certificates of estimated resources for the County itself and for schools, municipalities, townships and other agencies that are funded by tax dollars. State statute permits the Budget Commission to waive all or part of the tax budget requirement for those counties that have adopted an alternative method for apportionment of the local government fund and the local government revenue assistance fund. Franklin County has an alternative formula agreement in place.

Estimated Resources—The certificate of estimated resources issued by the Budget Commission states the projected revenue of each fund and establishes a limit on the amount the County may appropriate. The County's total contemplated expenditures from any fund during the fiscal year cannot exceed the amount available as stated in the certificate of estimated resources. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. During the year, as actual revenues vary from the estimates, the certificate may be amended further if an estimate needs either to be increased or decreased. Such amendments were made during 2011. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate at the time the original appropriations resolution was adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during 2011.

Appropriations—The appropriations resolution is the Commissioners' authorization to spend resources. The resolution sets annual limits on expenditures plus encumbrances at the level of control selected by the Commissioners. Appropriation requests are submitted to the County's Office of Management and Budget ("OMB") by the agencies. In light of available resources and County priorities, the County Administrator and OMB develop a joint budget recommendation that is submitted to the Commissioners. Public budget hearings are held with the various elected officials and agency administrators. At the conclusion of the budget hearings, the Commissioners convene a meeting with the County Administrator and OMB to amend the recommended budget. Revisions to the original budget require a resolution signed by at least two Commissioners. Supplemental appropriations were made during 2011.

Budgeted Level of Expenditures—The Commissioners appropriate to the major object level within a fund/organizational unit. The appropriation level is the legal level of control. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Managerial control is maintained through building the budget at the detailed line-item level. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the Commissioners.

Lapsing of Appropriations—At the end of the year, all encumbrances are canceled and all appropriations lapse, reverting to the respective funds from which they were appropriated.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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**F. Deposits and Investments**

For reporting purposes, "Equity with County Treasurer" is defined as cash on hand, demand deposits and investments held in the County treasury.

Cash resources of the majority of individual funds are combined to form a pool of cash and investments managed by the County Treasurer. Interest earned on investments is accrued as earned. Under existing Ohio law, all investment earnings are assigned to the County's General Fund unless statutorily required to be credited to a specific fund. Distribution is made utilizing a formula based on the average month-end balance of cash and cash equivalents of all funds. No interest was credited to the ADAMH Board by the County Treasurer for the year ending December 31, 2011.

**G. Receivables and Payables**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Property tax revenue received during 2011 for real and public utility property taxes represents collection of 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility property) are for 2011 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by state law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011. The total assessed value upon which the 2011 tax collection was based was \$27.3 billion. The full tax rate applied to real property for ADAMH was \$2.20 per \$1,000 of assessed valuation.

House Bill 66 phases out the tax on the tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general businesses and railroad property was eliminated by 2009 and the tax on telephone and telecommunications property was eliminated in 2011. The tax is phased out by reducing the assessment rate on the property each year.

Public utility taxes are assessed not only on land and improvements, but also on tangible personal property at true value, which is a percentage of cost. Percentages vary according to the type of utility. The total assessed value upon which the 2011 tax collection was based was \$658 million.

The Treasurer bills and collects property taxes on behalf of all taxing districts within the County. The Auditor periodically remits to the taxing districts their portion of the taxes collected. Collection of the taxes and remittance to the taxing districts are accounted for in various County agency funds.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20th; if paid semi-annually, the first payment is due January 20th with the remainder to be paid by June 20th. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these reductions is reimbursed to the County by the State.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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“Property taxes receivable” represents delinquent real and public utility taxes outstanding as of the last settlement (net of allowances for uncollectible amounts) and real property and public utility taxes that were measurable at year-end and for which there is an enforceable legal claim. In the fund financial statements, the majority of the receivable is offset by unearned revenue since the taxes were not levied to finance 2011 operations. In the full accrual-basis government-wide financial statements, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is unearned.

The County uses actual billings and estimates based on the tax rate multiplied by property value to estimate taxes receivable. The eventual collection of substantially all real property and public utility taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied.

#### **H. Capital Assets and Depreciation**

Capital assets, which include property, plant, and equipment, are reported in the government-wide Statement of Net Assets. Capital assets are defined by the ADAMH Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All property, plant, and equipment is depreciated using the straight line method over the estimated useful lives of the related assets. Depreciable lives used for property items within each property classification are as follows:

<u>Classification</u>	<u>Useful Life</u>
Buildings	50-55 years
Leasehold Improvements	10-25 years
Machinery & Equipment	5-10 years

#### **I. Compensated Absences**

The ADAMH Board permits employees to accumulate earned but unused vacation and sick pay benefits. Vacation benefits are accrued as a liability when the benefits are earned if (1) the vacation leave is related to services already rendered and (2) it is probable that the employee will be compensated through time off or some other means in a future period. Sick leave benefits are accrued using the vesting method. The sick leave liability is based on accumulated sick leave and employee wage rates at December 31 for those employees who are currently eligible to receive termination benefits and those the ADAMH Board has identified as probable of receiving payment in the future.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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The criteria for determining vacation and sick leave liabilities are based on the ADAMH Board's policies for employee benefits. In general, vacation and sick leave are accumulated based on hours worked. Vacation pay is fully vested after the learning and training period, generally four months. By Ohio law, accumulated vacation cannot exceed three times the annual accumulation rate for an employee. There is no limit for the accumulation of sick leave. Employees who have completed the required learning and training period may receive payment of one-half sick leave accrued upon termination. All payments are made at the employee's current wage rate.

All accumulated vacation leave and vested accumulated sick leave is recorded as a liability in the government-wide financial statements. In the governmental funds, accumulated vacation leave and vested accumulated sick leave that is expected to be liquidated with available financial resources are recorded as an expenditure and a fund liability of the governmental fund that will pay it.

**J. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations in the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

**K. Fund Balance**

Fund Balance for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**L. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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The ADAMH Board applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the ADAMH Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2011.

**NOTE 2. – BUDGETARY BASIS OF ACCOUNTING**

While the ADAMH is reporting financial position, results of operations, and changes in fund balances in accordance with accounting principles generally accepted in the United States of America (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual – for the General Fund and State Mental Health Alcohol and Drug Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

	<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	
	<b>General Fund</b>	<b>State Mental Health Alcohol and Drug</b>
	<u>General Fund</u>	<u>and Drug</u>
Non-GAAP Budgetary Basis	\$ 22,554,282	\$ (4,287,806)
Basis Difference:		
Net Adjustment for Revenue Accruals	(10,510,743)	(4,702,253)
Net Adjustment for Expenditure Accruals	<u>10,337,625</u>	<u>2,758,199</u>
GAAP Basis	<u>\$ 22,381,164</u>	<u>\$ (6,231,860)</u>

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

**NOTE 3. – CAPITAL ASSETS**

Governmental capital asset activity for the year ended December 31, 2011, was as follows:

	Beginning			Ending
	Balance	Additions	Deletions	Balance
<b>Capital assets, not being depreciated</b>				
Land	\$ 236,113	\$ -	\$ -	\$ 236,113
Total capital assets, not being depreciated	<u>236,113</u>	<u>-</u>	<u>-</u>	<u>236,113</u>
<b>Capital assets, being depreciated</b>				
Buildings and improvements	3,214,181	-	-	3,214,181
Machinery & Equipment	<u>121,862</u>	<u>60,526</u>	<u>-</u>	<u>182,388</u>
Total	<u>3,336,043</u>	<u>60,526</u>	<u>-</u>	<u>3,396,569</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,237,663)	(81,642)	-	(1,319,305)
Machinery & Equipment	<u>(63,466)</u>	<u>(17,569)</u>	<u>-</u>	<u>(81,035)</u>
Total	<u>(1,301,129)</u>	<u>(99,211)</u>	<u>-</u>	<u>(1,400,340)</u>
Total capital assets net	<u>\$2,271,027</u>	<u>\$ (38,685)</u>	<u>\$ -</u>	<u>\$2,232,342</u>

**Expenditures**

All depreciation expense is charged to general government expense on the government-wide financial statements.

**NOTE 4. – LONG-TERM OBLIGATIONS**

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Beginning			Ending	Due in
	Balance	Additions	Reductions	Balance	One Year
Compensated Absences	<u>555,058</u>	<u>19,927</u>	<u>(57,901)</u>	<u>517,084</u>	<u>69,601</u>
Total	<u>\$ 555,058</u>	<u>\$ 19,927</u>	<u>\$ (57,901)</u>	<u>\$ 517,084</u>	<u>\$ 69,601</u>

**A. Compensated Absences**

The ADAMH Board permits employees to accumulate earned but unused vacation and sick leave benefits. Vacation benefits are accrued as a liability in the government-wide financial statements when the benefits are earned if it meets two conditions: the vacation leave is related to employee services already rendered and it is probable that the employee will be compensated. Sick leave benefits are accrued in the government-wide financial statements

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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method. The sick leave liability is based on accumulated sick leave and employee wage rates at December 31.

The criteria for determining vacation and sick leave liabilities are based on the ADAMH Board's policies. In general, vacation and sick leave are accumulated based on hours worked. Vacation pay is fully vested after four months of full or part-time service.

By Ohio law, employees accumulated vacation cannot exceed three times the accumulated rate. There is no limit for sick leave accumulation. Employees, upon separation from the ADAMH Board, who have completed four months of service, will received payment for one half sick leave accrued. All payments are made at the employee's current wage rate.

**NOTE 5. – RISK MANAGEMENT**

The ADAMH Board is a major fund of Franklin County, Ohio and participates in its risk-financing funds. The County is exposed to various risks of loss related to torts and general liability; theft of, damage to and destruction of assets; natural disasters; errors and omissions; certain employees' medical and dental claims; and injuries to employees. Insurance policies are procured for buildings and contents, County-owned equipment, steam boilers, and machinery. In addition, a Money and Securities Policy is in effect for all County employees. Settled claims have not exceeded commercial coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year. The County has elected to retain risk for losses related to torts and general liability, employee health-care claims, and employee injuries rather than insuring those risks through a third-party.

Chapter 340 of the Ohio Revised Code "limits the liability of community mental health board members and employees from action taken within the scope of official duties and employment." It expands the ADAMH Board's authority to indemnify board members and employees against damages, unless the ADAMH Board members' or employees' action constitutes willful or wanton misconduct. Although the law clearly indemnifies Board members and staff, additional director's and officer's liability insurance for Board members and professional liability coverage for staff has been obtained.

A periodic review of the ADAMH Board's scope of activities is performed and a risk profile is made available to insurance companies and our agent. This risk profile is used to obtain premium bids by our agents. There has been no significant reduction in coverage from the prior year, nor has the ADAMH Board experienced any settled claims.

**NOTE 6. – CONTINGENT LIABILITIES**

The ADAMH Board has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the ADAMH Board believes such disallowances, if any, will be immaterial.

**Litigation** - The ADAMH Board is involved in no material litigation as either plaintiff or defendant.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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**NOTE 7. – EMPLOYEE RETIREMENT SYSTEM AND PENSION PLAN**

**A. Ohio Public Employees Retirement System (OPERS): Administers three separate pension plans as described below:**

1. The Traditional Pension Plan—a cost-sharing multiple-employer defined benefit pension plan.
2. The Member-Directed Plan—a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan—a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy via internet at <https://www.opers.org/investments/cafr.shtml> or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. 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 Plan.

The ADAMH Board’s employer contribution rate for 2011 was 14.0%. Member Contribution rates were 10.0%; the employee pick-up percent of covered payroll was 5% in 2011. The ADAMH Board’s required contributions to OPERS for the years ended December 31, 2011, 2010 and 2009 were as follows:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Employer Share	\$ 440,595	\$ 438,779	\$ 498,125
Employee Share, paid by employer	<u>157,355</u>	<u>156,707</u>	<u>177,902</u>
Total Contributions	<u>\$ 597,950</u>	<u>\$ 595,486</u>	<u>\$ 676,027</u>



**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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**NOTE 8. – OTHER POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans:**

1. Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan;
2. Member-Directed Plan—a defined contribution plan
3. Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-saving multiple-employer defined benefit post-employment healthcare plan which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment healthcare coverage.

To qualify for post-employment healthcare coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (“OPEB”) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy via internet at <https://www.opers.org/investments/cafr.shtml> or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**B. Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0% of covered payroll. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS’ Post-Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY**  
**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE**

For the year ended December 31, 2011

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post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011.

The rates stated above are the contractually-required contribution rates for OPERS. The portion of the ADAMH Board's 2011, 2010, and 2009 required employer contributions used to fund Post-Employment Health Care Benefits Were \$172,746, \$266,401, And \$249,062, Respectively. 100 percent has been contributed for all three years.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004 became effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six-year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**NOTE 9. – RELATED PARTY TRANSACTIONS**

The ADAMH Board is reported as a major fund of Franklin County, the primary government. Franklin County provides facilities, certain equipment, and significant interfund transactions exist between the ADAMH Board and Franklin County.

**NOTE 10. – CHANGE IN ACCOUNTING PRINCIPLE**

The ADAMH Board has implemented Governmental Accounting Standards Board (GASB) statement no. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in changes to the ADAMH Board's statement presentation, relating to fund balance classifications, as described above in Note 1C.

**NOTE 11. – SUBSEQUENT EVENTS**

In November 2011 the ADAMH Board entered into an interim agreement with the Alcohol, Drug Addiction, and Mental Health Services Board of Cuyahoga County and the Hamilton County Mental Health and Recovery Services Board. The purpose of the interim agreement was to set forth the terms and conditions by which the parties plan to create a regional council of government (COG), The Three C Recovery and Health Care Network. The purpose of the new COG, The Three C Recovery and Health Care Network. The purpose of the new COG is to work collaboratively to plan and develop a new health care management information system known as The Shared Health and Recovery Enterprise System. The ADAMH Board drafted by-laws for the COG in May 2012. However, as of the date of this report the COG is still in the planning stages.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
FRANKLIN COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT AWARD YEAR	RECEIPTS	DISBURSE- MENTS
<b>U.S. DEPARTMENT OF EDUCATION/OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES</b>				
Passed Through Ohio Department of Rehabilitation Services Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	2010, 2011, 2012	\$ 1,003,320	\$ 1,082,982
<b>U.S. DEPARTMENT OF EDUCATION/OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES</b>				
Passed Through Ohio Department of Alcohol and Drug Addiction Services Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	2010, 2011, 2012	169,313	103,244
<b>TOTAL US DEPARTMENT OF EDUCATION/OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES</b>			<u>1,172,633</u>	<u>1,186,226</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION</b>				
Passed Through Ohio Department of Mental Health				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2010, 2011, 2012	413,992	582,119
Child Care and Development Block Grant	93.575	2010, 2011	50,138	50,138
Social Services Block Grant	93.667	2010, 2011, 2012	820,942	820,925
Children's Health Insurance Program	93.767	2010, 2011, 2012	3,743,049	3,109,585
Medical Assistance Program	93.778	2010, 2011	32,722,926	29,860,055
ARRA FMAP Medicaid	93.778	2010, 2011	2,550,454	2,896,553
Block Grants for Community Mental Health Services	93.958	2010, 2011, 2012	<u>1,288,899</u>	<u>1,319,865</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - MENTAL HEALTH:</b>			<u>41,590,400</u>	<u>38,639,240</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION</b>				
Passed Through Ohio Department of Alcohol and Drug Addiction Services				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2011	111,281	111,281
Children's Health Insurance Program	93.767	2010, 2011, 2012	1,112,829	975,617
Medical Assistance Program	93.778	2010, 2011	5,648,042	5,302,149
ARRA FMAP Medicaid	93.778	2010, 2011	442,328	464,716
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2010, 2011, 2012	<u>6,092,206</u>	<u>6,077,681</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - SUBSTANCE ABUSE:</b>			<u>13,406,686</u>	<u>12,931,444</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION:</b>			<u>54,997,086</u>	<u>51,570,684</u>
<b>TOTAL PASS-THROUGH GRANTOR AWARDS</b>			<u>56,169,719</u>	<u>52,756,910</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION</b>				
Substance Abuse and Mental Health Service - Projects of Regional and National Significance	93.243	2009, 2010	<u>74,630</u>	<u>74,630</u>
<b>TOTAL FEDERAL AWARDS:</b>			<u>\$ 56,244,349</u>	<u>\$ 52,831,540</u>

The accompanying notes to this schedule are an integral part of this schedule

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2011**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Alcohol, Drug, and Mental Health Board of Franklin County (ADAMH Board) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE 2 - SUBRECIPIENTS**

The ADAMH Board passes certain federal awards received from Ohio Department of Mental Health (ODMH), Ohio Alcohol and Drug Addiction Services (ODADAS), Ohio Department of Rehabilitation Services (DRC), to other governments or not-for-profit agencies (subrecipients). As Note 1 describes, the ADAMH Board reports expenditures of Federal awards to subrecipients when paid in cash.

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

**NOTE 3 - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

Alcohol, Drug and Mental Health Board of Franklin County  
Franklin County  
447 East Broad Street  
Columbus, Ohio 43215

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcohol, Drug, and Mental Health Board of Franklin County, Franklin County, (the ADAMH Board), a blended component unit presented as a major special revenue fund of Franklin County, as of and for the year ended December 31, 2011, which collectively comprise the ADAMH Board's basic financial statements and have issued our report thereon date May 17, 2012, wherein we noted the ADAMH Board adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

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

### **Compliance and Other Matters**

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

We did note a certain matter not requiring inclusion in this report that we reported to the ADAMH Board's management in a separate letter dated May 17, 2012.

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

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

**Dave Yost**  
Auditor of State

May 17, 2012



# Dave Yost • Auditor of State

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

Alcohol, Drug and Mental Health Board of Franklin County  
Franklin County  
447 East Broad Street  
Columbus, Ohio 43215

To the Board of Trustees:

### Compliance

We have audited the compliance of Alcohol, Drug and Mental Health Board of Franklin County (the ADAMH Board) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the ADAMH Board's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the ADAMH Board's major federal programs. The ADAMH Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the ADAMH Board's compliance based on our audit.

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

In our opinion, the Alcohol, Drug and Mental Health Board complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2012.

### Internal Control Over Compliance

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

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

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

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



**Dave Yost**  
Auditor of State

May 17, 2012



**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2011**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Medicaid – CFDA #93.778 State Children's Health Insurance Program – CFDA #93.767
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 1,584,946 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None

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

None

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY  
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2010-001	The 2009 Single Audit report was not filed within the required deadline.	Yes	



# Dave Yost • Auditor of State

FRANKLIN COUNTY ADAMH BOARD

FRANKLIN 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  
JUNE 19, 2012