



OHIO AUDITOR OF STATE
KEITH FABER



**TRI-COUNTY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD
OF MERCER, VAN WERT, AND PAULDING COUNTIES
MERCER COUNTY
JUNE 30, 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Statement of Net Position – Cash Basis	5
Statement of Activities – Cash Basis.....	6
Statement of Cash Basis Assets and Cash Basis Fund Balances – Governmental Funds	7
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.....	8
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Balance - Budget and Actual – (Budget Basis) – General Fund	9
Mental Health State Fund.....	10
Mental Health Federal Fund.....	11
Alcohol / Drug Federal Fund	12
Alcohol / Drug State Fund	13
Notes to the Basic Financial Statements.....	15
Schedule of Expenditures of Federal Awards	23
Notes to the Schedule of Expenditures of Federal Awards	24
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Independent Auditor's Report on Compliance Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance	27
Schedule of Findings.....	29

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and each major fund of the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert, and Paulding Counties, Mercer County, Ohio (the Board), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund, of the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert, and Paulding Counties, Mercer County, Ohio, as of June 30, 2020, and the respective changes in cash financial position and the respective budgetary comparison for the General, Mental Health State, Mental Health Federal, Alcohol / Drug Federal and Alcohol / Drug State funds thereof for the fiscal year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Board. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

Our audit was conducted to opine on the financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2021, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 1, 2021

This page intentionally left blank.

**Tri County Alcohol, Drug Addiction and Mental Health Services Board
of Mercer, Van Wert and Paulding Counties
Mercer County**

*Statement Net Position - Cash Basis
June 30, 2020*

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,910,967
<i>Total Assets</i>	<u>3,910,967</u>
Net Position	
Restricted	840,402
Unrestricted	3,070,565
<i>Total Net Position</i>	<u>\$3,910,967</u>

See accompanying notes to the basic financial statements.

**Tri County Alcohol, Drug Addiction and Mental Health Services Board
of Mercer, Van Wert and Paulding Counties
Mercer County**

*Statement of Activities- Cash Basis
For the Fiscal Year Ended June 30, 2020*

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Operating Grants and Contributions		Governmental Activities
Governmental Activities:				
Mental Health and Dependency Rehabilitation				
Salaries	\$205,364			(\$205,364)
Supplies	3,055			(3,055)
Equipment	8,695			(8,695)
Grants	3,804,372	\$2,660,914		(1,143,458)
Contract Services	44,765			(44,765)
Rentals	29,400			(29,400)
Advertising and Printing	2,386			(2,386)
Travel and Expenses	9,082			(9,082)
Public Employee's Retirement	56,317			(56,317)
Other Expenses	96,215			(96,215)
<i>Total Governmental Activities</i>	<u>\$4,259,651</u>	<u>2,660,914</u>		<u>(1,598,737)</u>
General Receipts				
				1,624,386
Property Taxes Levied for General Purposes				187,719
Entitlements (intergovernmental revenue)				33,480
Other				<u>1,845,585</u>
<i>Total General Receipts</i>				
				<u>246,848</u>
Change in Net Position				
				<u>3,664,119</u>
<i>Net Position Beginning of Year</i>				
				<u>\$3,910,967</u>
<i>Net Position End of Year</i>				

See accompanying notes to the basic financial statements.

**Tri County Alcohol, Drug Addiction and Mental Health Services Board
of Mercer, Van Wert and Paulding Counties
Mercer County**

*Statement of Cash Basis Assets and Cash Basis Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2020*

	<u>General</u>	<u>Mental Health State</u>	<u>Mental Health Federal</u>	<u>Alcohol/Drug Federal</u>	<u>Alcohol/Drug State</u>	<u>Total</u>
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$3,070,565	\$135,936	\$288,551	\$135,049	\$280,866	\$3,910,967
<i>Total Assets</i>	<u>\$3,070,565</u>	<u>\$135,936</u>	<u>\$288,551</u>	<u>\$135,049</u>	<u>\$280,866</u>	<u>\$3,910,967</u>
Fund Balance:						
Restricted		\$135,936	\$288,551	\$135,049	\$280,866	\$840,402
Committed	\$121,049					121,049
Assigned	186,183					186,183
Unassigned	2,763,333					2,763,333
<i>Total Cash Basis Fund Balance</i>	<u>\$3,070,565</u>	<u>\$135,936</u>	<u>\$288,551</u>	<u>\$135,049</u>	<u>\$280,866</u>	<u>\$3,910,967</u>

See accompanying notes to the basic financial statements

**Tri County Alcohol, Drug Addiction and Mental Health Services Board
of Mercer, Van Wert and Paulding Counties
Mercer County**

*Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2020*

	<u>General Fund</u>	<u>Mental Health State</u>	<u>Mental Health Federal</u>	<u>Alcohol/Drug Federal</u>	<u>Alcohol/Drug State</u>	<u>Total</u>
Receipts						
Taxes	\$1,624,386					\$1,624,386
Grants		\$931,574	\$154,835	\$1,053,961	\$520,544	2,660,914
Intergovernmental	187,719					187,719
Other	33,480					33,480
<i>Total Receipts</i>	<u>1,845,585</u>	<u>931,574</u>	<u>154,835</u>	<u>1,053,961</u>	<u>520,544</u>	<u>4,506,499</u>
Disbursements						
Salaries	205,364					205,364
Supplies	3,055					3,055
Equipment	8,695					8,695
Grants	1,255,829	830,340	154,835	1,041,255	522,113	3,804,372
Contract Services	44,765					44,765
Rentals	29,400					29,400
Advertising and Printing	2,386					2,386
Travel and Expenses	9,082					9,082
Public Employee's Retirement	56,317					56,317
Other	96,215					96,215
<i>Total Disbursements</i>	<u>1,711,108</u>	<u>830,340</u>	<u>154,835</u>	<u>1,041,255</u>	<u>522,113</u>	<u>4,259,651</u>
Other Financing Receipts/(Disbursements):						
Advances-In	200,000	50,000		100,000	50,000	400,000
Advances-Out	(200,000)	(50,000)		(100,000)	(50,000)	(400,000)
Total Other Financing Receipts/(Disbursements):	<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	134,477	101,234		12,706	(1,569)	246,848
Fund Balance Beginning of Year	<u>2,936,088</u>	<u>34,702</u>	<u>288,551</u>	<u>122,343</u>	<u>282,435</u>	<u>3,664,119</u>
Fund Balance End of Year	<u>\$3,070,565</u>	<u>\$135,936</u>	<u>\$288,551</u>	<u>\$135,049</u>	<u>\$280,866</u>	<u>\$3,910,967</u>

See accompanying notes to the basic financial statements.

**Tri County Alcohol, Drug Addiction and Mental Health Services Board
of Mercer, Van Wert and Paulding Counties
Mercer County**

Statement of Cash Receipts, Cash Disbursements and Changes
In Cash Basis Balance - Budget and Actual (Budget Basis) General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Receipts				
Taxes	\$1,543,250	\$1,543,250	\$1,624,386	\$81,136
Intergovernmental	196,750	196,750	187,719	(9,031)
Other Board Receipts	55,000	40,000	33,480	(6,520)
Total Receipts	<u>1,795,000</u>	<u>1,780,000</u>	<u>1,845,585</u>	<u>65,585</u>
Disbursements				
Salaries	218,000	218,000	205,364	12,636
Supplies	3,250	3,250	3,055	195
Equipment	10,000	10,000	9,441	559
Grants	1,678,331	1,540,731	1,440,290	100,441
Contracts-Services	40,000	40,000	44,765	(4,765)
Rentals	29,400	29,400	29,400	
Advertising and Printing	3,589	3,589	2,564	1,025
Travel and Expenses	11,500	11,500	9,082	2,418
Public Employee's Retirement	55,000	55,000	56,317	(1,317)
Workers Compensation	3,000	3,000		3,000
Other	113,469	103,619	97,014	6,605
Total Cash Disbursements	<u>2,165,539</u>	<u>2,018,089</u>	<u>1,897,292</u>	<u>120,797</u>
Excess of receipts Over (Under) Disbursements	<u>(370,539)</u>	<u>(238,089)</u>	<u>(51,707)</u>	<u>186,382</u>
Other Financing Sources (Uses)				
Advances In			200,000	200,000
Advances Out			(200,000)	(200,000)
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(370,539)	(238,089)	(51,707)	186,382
Fund Balance Beginning of Year	2,731,202	2,731,202	2,731,202	
Prior Year Encumbrances Appropriated	<u>204,887</u>	<u>204,887</u>	<u>204,887</u>	
Fund Balance End of Year	<u>\$2,565,550</u>	<u>\$2,698,000</u>	<u>\$2,884,382</u>	<u>\$186,382</u>

See accompanying notes to the basic financial statements.

**Tri County Alcohol, Drug Addiction and Mental Health Services Board
of Mercer, Van Wert and Paulding Counties
Mercer County**

Statement of Cash Receipts, Cash Disbursements and Changes
In Cash Basis Balance - Budget and Actual (Budget Basis) Mental Health State Fund
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Receipts				
Grants	\$908,208	\$931,575	\$931,574	(\$1)
Total Receipts	<u>908,208</u>	<u>931,575</u>	<u>931,574</u>	<u>(1)</u>
Disbursements				
Grants	910,121	933,488	933,488	
Total Cash Disbursements	<u>910,121</u>	<u>933,488</u>	<u>933,488</u>	
Excess of receipts Over (Under) Disbursements	<u>(1,913)</u>	<u>(1,913)</u>	<u>(1,914)</u>	<u>(1)</u>
Other Financing Sources (Uses)				
Advances In			50,000	50,000
Advances Out			(50,000)	(50,000)
Total Other Financing Sources (Uses)			<u>(50,000)</u>	<u>(50,000)</u>
Net Change in Fund Balance	(1,913)	(1,913)	(1,914)	(1)
Fund Balance Beginning of Year	32,790	32,790	32,790	
Prior Year Encumbrances Appropriated	<u>1,913</u>	<u>1,913</u>	<u>1,913</u>	
Fund Balance End of Year	<u>\$32,790</u>	<u>\$32,790</u>	<u>\$32,789</u>	<u>(\$1)</u>

See accompanying notes to the basic financial statements.

**Tri County Alcohol, Drug Addiction and Mental Health Services Board
of Mercer, Van Wert and Paulding Counties
Mercer County**

Statement of Cash Receipts, Cash Disbursements and Changes
In Cash Basis Balance - Budget and Actual (Budget Basis) Mental Health Federal Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Receipts				
Grants	\$101,715	\$165,500	\$154,835	(\$10,665)
Total Receipts	<u>101,715</u>	<u>165,500</u>	<u>154,835</u>	<u>(10,665)</u>
Disbursements				
Grants	113,462	177,247	154,835	22,412
Total Disbursements	<u>113,462</u>	<u>177,247</u>	<u>154,835</u>	<u>22,412</u>
Changes in Fund Balance	(11,747)	(11,747)		11,747
Fund Balance Beginning of Year	276,804	276,804	276,804	
Prior Year Encumbrances Appropriated	<u>11,747</u>	<u>11,747</u>	<u>11,747</u>	
Fund Balance End of Year	<u><u>\$276,804</u></u>	<u><u>\$276,804</u></u>	<u><u>\$288,551</u></u>	<u><u>\$11,747</u></u>

See accompanying notes to the basic financial statements

**Tri County Alcohol, Drug Addiction and Mental Health Services Board
of Mercer, Van Wert and Paulding Counties
Mercer County**

Statement of Cash Receipts, Cash Disbursements and Changes
In Cash Basis Balance - Budget and Actual - Budget Basis - Alcohol/Drug Federal Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Receipts				
Grants	\$1,000,445	\$1,053,961	\$1,053,961	
Total Receipts	<u>1,000,445</u>	<u>1,053,961</u>	<u>1,053,961</u>	
Disbursements				
Salaries				
Grants	1,000,445	1,053,961	1,053,961	
Total Cash Disbursements	<u>1,000,445</u>	<u>1,053,961</u>	<u>1,053,961</u>	
Excess of receipts Over (Under) Disbursements				
Other Financing Sources (Uses)				
Advances In			100,000	\$100,000
Advances Out			(100,000)	(100,000)
Total Other Financing Sources (Uses)				
Changes in Fund Balance				
Fund Balance Beginning of Year	<u>122,343</u>	<u>122,343</u>	<u>122,343</u>	
Fund Balance End of Year	<u>\$122,343</u>	<u>\$122,343</u>	<u>\$122,343</u>	

See accompanying notes to the basic financial statements.

**Tri County Alcohol, Drug Addiction and Mental Health Services Board
of Mercer, Van Wert and Paulding Counties
Mercer County**

Statement of Cash Receipts, Cash Disbursements and Changes
In Cash Basis Balance - Budget and Actual (Budget Basis) Alcohol/Drug State Fund
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Grants	\$187,757	\$520,544	\$520,544	
Total Receipts	<u>187,757</u>	<u>520,544</u>	<u>520,544</u>	
Disbursements				
Grants	416,083	748,870	748,870	
Total Cash Disbursements	<u>416,083</u>	<u>748,870</u>	<u>748,870</u>	
Excess of receipts Over (Under) Disbursements	<u>(228,326)</u>	<u>(228,326)</u>	<u>(228,326)</u>	
Other Financing Sources (Uses)				
Advances In			50,000	\$50,000
Advances Out			<u>(50,000)</u>	<u>(50,000)</u>
Total Other Financing Sources (Uses)				
Changes in Fund Balance	(228,326)	(228,326)	(228,326)	
Fund Balance Beginning of Year	54,109	54,109	54,109	
Prior Year Encumbrances Appropriated	<u>228,326</u>	<u>228,326</u>	<u>228,326</u>	
Fund Balance End of Year	<u>\$54,109</u>	<u>\$54,109</u>	<u>\$54,109</u>	

See accompanying notes to the basic financial statements.

This page intentionally left blank.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

1. DESCRIPTION OF THE ENTITY

The Alcohol, Drug Addiction and Mental Health Services Board of Mercer, Van Wert, and Paulding Counties, (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is required to be directed by an eighteen-member Board. Board members are appointed by The Ohio Department of Mental Health and Addiction Services, and the legislative authorities of the political subdivisions making up the Board. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are Mercer, Van Wert, and Paulding Counties. The Board provides addiction and mental health services and programs to citizens of the Board. These services are provided primarily through contracts with private and public agencies.

Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable for an organization if the Board appoints a voting majority of the organizations' government board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access the organizations' resources; or (3) the Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Board is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Board in that the Board approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criterion, the Board has no component units.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Board's accounting policies.

A. Basis of Presentation

The Board's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position-cash basis and the statement of activities cash-basis display information about the Board as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position-cash basis presents the cash balance of the governmental activities of the Board at fiscal year end. The statement of activities-cash basis compares disbursements with program receipts for each of the Board's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Board is responsible.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Board's general receipts.

2. Fund Financial Statements

During the year, the Board segregates transactions related to certain Board functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at this more detailed level. The focus of governmental financial statements is on major funds.

B. Fund Accounting

The Board uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The Board only has one category of funds, which is governmental.

Governmental Funds

The Board classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Board's major governmental funds are the General Fund, Mental Health State Fund, Alcohol/Drug State Fund, Mental Health Federal Fund, and the Alcohol/Drug Federal Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Board account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Board's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Board's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash

As required by Ohio Revised Code, the Mercer County Treasurer is custodian for the Board's cash. The Board's cash is held in the County's cash and investment pool, and valued at the County Treasurer's carrying amount. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

E. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board members. The legal level of control has been established by the Board at the fund/object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Board. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriations amounts passed by the Board during the year.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no assets restricted by enabling legislation imposed by grantors within Special Revenue Funds at June 30, 2020.

G. Inventory and Prepaid Items

The Board reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Interfund Activity

The Board reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Board's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Board recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

M. Fund Balance

The Board Assigns or Commits any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The General Fund is comprised of Committed, Assigned and Unassigned funds. The Committed Funds in the General Funds represent funds that have been committed, or set aside, by official Board action for emergency use and are not available for appropriation unless the Board removes the commitment. The committed balance is comprised of \$100,000 for the Tri-County Reserve Fund and \$21,049 for Retirement/Severance Liability Fund. The Assigned Funds in the General Fund consist of fiscal years 2019 and 2020 encumbrances, or expenses incurred in fiscal years 2019 and 2020, which will be paid in fiscal year 2021. The Unassigned General Fund Balance is the portion of the Board's Fund Balance which is available for appropriation in future periods. The Restricted balances in the other Board funds represent funds that have restrictions on expenditures placed on them by The Ohio Department of Mental Health and Addiction Services. Encumbrances in the other Board funds are classified as restricted based on the source of funding.

3. BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Balance – Budget and Actual – (Budget Basis) presented for the General Fund and each major Special Revenue Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is that outstanding fiscal year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (cash basis). The adjustments necessary to reconcile the cash and budget basis statements are as follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

	<u>General</u>	<u>Mental Health State Fund</u>	<u>Mental Health Federal Fund</u>	<u>Alcohol / Drug Federal Fund</u>	<u>Alcohol / Drug State Fund</u>
Cash Basis	\$3,070,565	\$135,936	\$288,551	\$135,049	\$280,866
Encumbrances Outstanding	(186,183)	(103,147)		(12,706)	(226,757)
Budget Basis	<u>\$2,884,382</u>	<u>\$32,789</u>	<u>\$288,551</u>	<u>\$122,343</u>	<u>\$54,109</u>

4. EQUITY IN POOLED CASH

The Mercer County Auditor acts as the fiscal agent for the Board and the County Treasurer maintains a cash and investment pool used by all County funds. Because of the nature of the pool all County funds are commingled, the risk involved and the preferential claim of the Board cannot be determined.

The Mercer County Auditor's records indicated the Board's cash balance as of June 30, 2020, was \$3,910,967.

5. PROPERTY TAX

Property taxes are levied and assessed on a calendar year basis, while the Board's fiscal year runs from July through June. First-half tax distributions are received by the Board in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year. Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the counties. Real property tax receipts received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar year 2020 represent the collection of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Board receives property taxes from Mercer, Van Wert and Paulding Counties. The County Auditors periodically advance to the Board its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

5. PROPERTY TAX (Continued)

The assessed values upon which fiscal year 2020 taxes were collected are:

First Half Collections	2020		
	Mercer	Van Wert	Paulding
Real Property			
Residential/Agriculture	\$989,317,470	\$586,881,510	\$379,410,190
Commercial/Industrial/Mineral	104,240,870	66,497,910	36,326,140
Tangible Personal Property	32,275,680	64,598,580	66,824,520
Total Assessed Value	<u>\$1,125,834,020</u>	<u>\$717,978,000</u>	<u>\$482,560,850</u>
Second Half Collections	2019		
	Mercer	Van Wert	Paulding
Real Property			
Residential/Agriculture	\$979,754,670	\$582,901,790	\$417,223,740
Commercial/Industrial/Mineral	102,872,950	66,432,060	36,440,060
Tangible Personal Property	29,490,820	62,386,750	49,208,320
Total Assessed Value	<u>\$1,112,118,440</u>	<u>\$711,720,600</u>	<u>\$502,872,120</u>

6. DEFINED BENEFIT PENSION PLAN

Plan Description - The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but less than the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio revised Code, are not to exceed 10 percent. For the years ended December 31, 2019 and December 31, 2020, members in state and local classifications contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Fund. For 2020, member and employer contribution rates were consistent across all three plans.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

6. DEFINED BENEFIT PENSION PLAN (Continued)

The Board's contribution rate for the period July 1, 2019 through June 30, 2020 was 14 percent. The portion of the employer contributions used to fund pension benefits is net of post-employment health care benefits. For the period July 1, 2019 through June 30, 2020, no portion of the Board's contribution was allocated to fund the post-retirement healthcare plan. Employer contribution rates are actuarially determined. State statute sets the maximum contribution rate for the Board of 14 percent.

The Board's required contributions for pension obligations to the traditional and combined plans for the fiscal years ended June 30, 2020, 2019, and 2018 were \$31,900, \$31,757, and \$29,303, respectively; and 100 percent has been contributed for fiscal year 2020, 2019 and 2018.

7. POST-EMPLOYMENT BENEFITS

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

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

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)**

7. POST-EMPLOYMENT BENEFITS (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

The Board's contributions allocated to fund post-employment healthcare benefits for the fiscal years ended June 30, 2020, 2019, and 2018 were \$0, \$0 and \$1,085, respectively; and 100 percent has been contributed for fiscal years 2020, 2019 and 2018.

8. RISK MANAGEMENT

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

9. LEASE AGREEMENT

The Board entered into a lease agreement, for a three year term that began July 1, 2019 and expires June 30, 2022, for a building to house the operations of the Board. The lease term beginning July 1, 2019, established the lease rate at \$29,400 for the year to be paid in monthly installments of \$2,450; the remaining 2 years of the lease term beginning July 1, 2020, establishes the lease rate at \$29,400 for the years to be paid in monthly installments of \$2,450. The lease agreement is subject to renewal at the lessee's option.

10. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

11. COVID-19 PANDEMIC

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

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Mental Health & Recovery Services Board of Lucas County</i>				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	N/A	\$23,288	\$43,570
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
Social Services Block Grant	93.667	N/A	58,526	58,526
Block Grants for Community Mental Health Services: Community Plan and Forensic Center	93.958	N/A	50,539	52,739
Opioid STR	93.788	1900820 / 1900910 / 2000419	461,725	537,240
Block Grants for Prevention and Treatment of Substance Abuse:	93.959			
Women's Residential		2000038 / 2000065	232,819	232,819
Per Capita / Prevention - SABG		N/A	54,764	54,764
Per Capita / Treatment - SABG		N/A	99,431	216,432
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>387,014</u>	<u>504,015</u>
Total U.S. Department of Health and Human Services			<u>981,092</u>	<u>1,196,090</u>
Total Expenditures of Federal Awards			<u>\$981,092</u>	<u>\$1,196,090</u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert and Paulding Counties (the Board) under programs of the federal government for the fiscal year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E - MATCHING REQUIREMENTS

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

OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities and each major fund of the Tri-County Alcohol, Drug Addiction, and Mental Health Service Board of Mercer, Van Wert, and Paulding Counties, Mercer County, (the Board) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated February 1, 2021, wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Board.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 1, 2021

OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

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

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

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert, and Paulding Counties' (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert, and Paulding Counties' major federal program for the fiscal year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal program.

Management's Responsibility

The Board's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Tri-County Alcohol, Drug Addiction, and Mental Health Services Board of Mercer, Van Wert, and Paulding Counties complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 1, 2021

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #93.788 – Opioid STR
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



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

MERCER COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/9/2021

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

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