



Dave Yost • Auditor of State



**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**TABLE OF CONTENTS**

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis.....	9
Statement of Activities – Cash Basis .....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances- Governmental Funds .....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance - - Budget Basis - General Fund .....	13
Statement of Receipts, Disbursements and Changes is Fund Balance - - Budget Basis – Medicaid Fund.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance - - Budget Basis – Net Flex Fund.....	15
Statement of Fiduciary Net Assets – Cash Basis .....	16
Statement of Changes in Cash Basis Fiduciary Net Assets.....	17
Notes to the Financial Statements .....	19
Federal Awards Expenditures Schedule.....	27
Notes to the Federal Awards Expenditures Schedule .....	28
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	29
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> .....	31
Schedule of Findings.....	33

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Mental Health and Recovery Services Board  
of Seneca, Sandusky and Wyandot Counties  
Seneca County  
600 North River Road  
Tiffin, Ohio 44883-1173

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, Seneca County, Ohio (the Board), as of and for the year ended December 31, 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, Seneca County, as of December 31, 2010, and the respective changes in cash financial position thereof and the respective budgetary comparison for the General, Medicaid and Net Flex funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2011, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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 Board's basic financial statements taken as a whole. The federal awards 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 also not a required part of the basic financial statements. The federal awards 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

July 7, 2011

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED**

The discussion and analysis of the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties (the "Board") financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2010, within the limitations of the Board's cash basis of accounting. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Board's financial performance.

**Financial Highlights**

Key financial highlights for the year 2010 are as follows:

- Net assets increased \$752,083 or 22.13% from the prior year. The majority of this increase occurred in the general fund which realized an increase in assets due to increased property tax and intergovernmental revenues.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Board's receipts, making up almost 76.67% of all the dollars coming into the Board. General receipts in the form of grants and entitlements, property taxes and intergovernmental receipts in Seneca and Wyandot Counties, donations and miscellaneous receipts make up the other 23.33%.
- The Board's disbursements decreased by \$295,411 or 4.47% from the prior year. The majority of this decrease occurred in the governmental non-major funds which realized significant cuts during calendar year 2010.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Board's cash basis of accounting.

**Report Components**

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Board as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Board as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY AND WYANDOT COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Board has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Board's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Board as a Whole**

The statement of net assets and the statement of activities reflect how the Board did financially during 2010, within the limitations of the cash basis of accounting. The Statement of Net Assets - Cash Basis presents the cash balances of the governmental activities of the Board at year-end. The Statement of Activities - Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Board's general receipts.

These statements report the Board's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Board's financial health. Over time, increases or decreases in the Board's cash position is one indicator of whether the Board's financial health is improving or deteriorating. When evaluating the Board's financial condition, you should also consider other non-financial factors as well such as the Board's property tax base reduction in state and federal allocation due to the economy, the reliance on non-local financial resources for operations and the need for continued growth of Medicaid services.

The Statement of Net Assets and the Statement of Activities present governmental activities, which include all the Board's services. These services are funded primarily by operating grants, property taxes in Seneca and Wyandot Counties and contributions. The Board has no business-type activities.

**Reporting the Board's Most Significant Funds**

**Fund Financial Statements**

Fund financial statements provide detailed information about the Board's major funds - not the Board as a whole. The Board establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Board are governmental.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY AND WYANDOT COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

**Governmental Funds** - The Board's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Board's governmental operations and the mental health and alcohol and drug addiction services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Board's mental health and alcohol and drug addiction programs. The Board's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Board's major governmental funds are the General, Medicaid and Net Flex funds. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Reporting the Board's Fiduciary Responsibilities**

The Board is the trustee, or fiduciary, for its trust agreement. This activity is presented as a private-purpose trust fund. The Board's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets. These activities are excluded from the Board's other financial statements because the assets cannot be utilized by the Board to finance its operations.

**The Board as a Whole**

Table 1 provides a summary of the Board's net assets for 2010 compared to 2009 on cash basis:

<b>Table 1</b>		
<b>Net Assets</b>		
	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
<b><u>Assets</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$ 4,149,808	\$ 3,397,725
<b><u>Net assets</u></b>		
Restricted for:		
Other purposes	\$ 2,252,781	\$ 2,187,132
Unrestricted	1,897,027	1,210,593
<b>Total Net Assets</b>	<b>\$ 4,149,808</b>	<b>\$ 3,397,725</b>

Net assets increased \$752,083 due primarily to increase in property taxes and operating grants and entitlements received during 2010.

Table 2 reflects the change in net assets in 2010 and provides a comparison to prior year amounts:

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY AND WYANDOT COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>	
	<b>2010</b>	<b>2009</b>
<b>Receipts:</b>		
Program Receipts:		
Charges for Services and Sales	\$ 9,069	\$ 4,768
Operating Grants and Contributions	5,407,670	5,725,296
<b>Total Program Receipts</b>	<b>5,416,739</b>	<b>5,730,064</b>
General Receipts:		
Property Taxes	889,674	878,571
Grants and Entitlements not Restricted by specific program	704,116	507,109
Donations	560	541
Miscellaneous	53,579	627
<b>Total General Receipts</b>	<b>1,647,929</b>	<b>1,386,848</b>
<b>Total Receipts</b>	<b>7,064,668</b>	<b>7,116,912</b>
<b>Disbursements:</b>		
Mental Health Services:		
Medicaid	2,476,030	2,492,694
Net Flex	1,810,752	1,790,474
Title XX	54,059	93,768
Suicide Prevention	824	187
508 Case Management		53,421
508 Children/Adolescent	171,362	254,509
508 Housing/Assistance Program		43,704
Mental Health Block Grant	40,477	57,647
Forensic Services	4,000	7,523
Screening and Resident Review		9,090
Cultural Competency	575	800
Alcohol and Drug Addition Services:		
State per Capita	314,169	403,001
Court Referred Driver	10,577	6,235
Treatment Alternative Street Crime	161,422	159,734
Federal ADAMHS	358,997	466,222
Substance Abuse Mental Health Services:		
Drug Free Community Administration		77,169
	909,341	691,818
<b>Total Disbursements</b>	<b>6,312,585</b>	<b>6,607,996</b>
Increase in Net Assets	752,083	508,916
Net Assets January 1	3,397,725	2,888,809
Net Assets December 31	\$ 4,149,808	\$ 3,397,725

In 2010, 23.33% of the Board's total receipts were from general receipts, consisting mainly of state grants and entitlements not restricted by specific programs, property taxes from Seneca and Wyandot Counties, donations and miscellaneous receipts. Program receipts accounted for 76.67% of the Board's total receipts in year 2010. These receipts consist primarily of charges for services reimbursement from the municipal court for indigent drivers and state and federal operating grants.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY AND WYANDOT COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

Administration accounted for 14.41% of the Board's total disbursement for 2010. These costs represent the costs to administer all programs not supported by special receipts and expenditures for services provided from the property taxes for mental health and alcohol and drug addiction services from Seneca and Wyandot Counties. Of the other major governmental funds, 39.22% of the Board's total disbursements were from the Medicaid fund and 28.68% were from the Net Flex fund.

**Governmental Activities**

If you look at the Governmental Activities, you will see that the first column lists the major services provided by the Board. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Medicaid, Net Flex, and Administration, which account for 39.22%, 28.68%, and 14.41% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by the municipal court charged for services and grants received by the Board that must be used to provide specific service. The net receipts (disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by federal and state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for both the current and prior years is presented in Table 3. A comparative analysis of government-wide data from 2009 is provided.

**Table 3  
Governmental Activities**

	<u><b>Total Cost of Services 2010</b></u>	<u><b>Net Cost of Services 2010</b></u>	<u><b>Total Cost of Services 2009</b></u>	<u><b>Net Cost of Services 2009</b></u>
Program Disbursements:				
Mental Health Services:				
Medicaid	\$ 2,476,030	\$ (14,133)	\$ 2,492,694	\$ 120,905
Net Flex	1,810,752	6,508	1,790,474	(83,704)
Title XX	54,059	(11,287)	93,768	6,320
Suicide Prevention	824	824	187	187
508 Case Management			53,421	37,986
508 Children/Adolescent	171,362	(1,490)	254,509	56,120
508 Housing/Assistance Program			43,704	43,704
Mental Health Block Grant	40,477	(15,651)	57,647	2
Forensic Services	4,000	(481)	7,523	(2,647)
Screening and Resident Review			9,090	2,115
Cultural Competency	575	575	800	800
Alcohol and Drug Addition Services:				
State per Capita	314,169	(26,663)	403,001	25,369
Court Referred Driver	10,577	798	6,235	1,467
Treatment Alternative Street Crime	161,422	29,363	159,734	(29,362)
Federal ADAMHS	358,997	18,142	466,222	6,852
Substance Abuse Mental Health Services:				
Drug Free Community			77,169	
Administration	909,341	909,341	691,818	691,818
Totals Disbursements	<u><u>\$ 6,312,585</u></u>	<u><u>\$ 895,846</u></u>	<u><u>\$ 6,607,996</u></u>	<u><u>\$ 877,932</u></u>

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY AND WYANDOT COUNTIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED  
(Continued)**

**The Board's Funds**

Total governmental funds had receipts of \$7,064,668 and disbursements \$6,312,585. The greatest change within the governmental funds occurred in the general fund. The fund balance from the general fund increased due to increasing property tax receipts and unrestricted grants and entitlements received from state and federal sources. This resulted in a \$686,434 increase in fund balance in the general fund, from \$1,210,593 to \$1,897,027.

The Medicaid fund's receipts and disbursements were not significantly different from the prior year. The Medicaid fund's fund balance increased \$14,133 from \$360,982 to \$375,115.

The Net Flex fund's receipts and disbursements also remained comparable to the prior year. The Net Flex fund's fund balance increased \$38,327 from \$1,166,435 to \$1,204,762.

**General Fund Budgeting Highlights**

The Board's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2010, the Board amended its budget as needed.

The General Fund's final budgeted receipts were \$632,723 more than the original budget. The increase is due to increase of anticipated property taxes and state allocation. Actual receipt collections were \$552 more than final budget estimates. Final budgeted disbursements were \$125,972 less than the original budgeted disbursements. Actual disbursements were \$157,515 less than final budgeted disbursements.

**Capital Assets**

The Board does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**Current Issues**

A major challenge for the Board is to provide quality treatment and prevention services to the public while complying with the restrictions imposed by limited, and in some cases shrinking, funding. We rely on allocations and grants through the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services and are diligent in searching for new funding sources that are closely related to our mission in order to allow our programs to continue. This Board is also quite concerned about providers for Medicaid services located in the State of Ohio to continue to provide services for Medicaid patients. While we recognize the value our consumers have to choose from a selection of many more providers for Medicaid services, a huge weight has been placed on the Board's shoulders to plan for services for which we have no mechanism to plan accordingly, and are obligated to dedicate limited resources.

**Contacting the Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Board's finances and to reflect the Board's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Nancy A. Cochran, Executive Director, 600 N. River Road, Tiffin, OH 44883-1173.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SANDUSKY, SENECA AND WYANDOT COUNTIES  
SENECA COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2010**

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,149,808
<b>Net assets:</b>	
Restricted for:	
Other purposes	\$ 2,252,781
Unrestricted	<u>1,897,027</u>
Total Net Assets	<u>\$ 4,149,808</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SANDUSKY, SENECA AND WYANDOT COUNTIES  
SENECA COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Program Cash Receipts</b>		<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
<b>Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental Activities:</b>			
Mental Health Services:			
Medicaid	\$ 2,476,030	\$ 2,490,163	\$ 14,133
Net Flex	1,810,752	1,804,244	(6,508)
Title XX	54,059	65,346	11,287
Suicide Prevention	824		(824)
508 Children/Adolescent	171,362	172,852	1,490
Mental Health Block Grant	40,477	56,128	15,651
Forensic Services	4,000	4,481	481
Cultural Competancy	575		(575)
Alcohol and Drug Addition Services:			
State per Capita	314,169	340,832	26,663
Court Referred Driver	10,577	\$ 9,069	710
Treatment Alternative Street Crime	161,422	132,059	(29,363)
Federal ADAMHS	358,997	340,855	(18,142)
Substance Abuse Mental Health Services:			
Administration	909,341		(909,341)
Total Governmental Activities	<u>\$ 6,312,585</u>	<u>\$ 9,069</u>	<u>\$ 5,407,670</u>
 <b>General Receipts:</b>			
Property Taxes Levied for:			
General Purposes			889,674
Grants and Entitlements not Restricted to Specific Programs			704,116
Donations			560
Miscellaneous			53,579
			1,647,929
			Change in Net Assets 752,083
			<b>Net Assets Beginning of Year 3,397,725</b>
			<b>Net assets End of Year \$ 4,149,808</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SANDUSKY, SENECA AND WYANDOT COUNTIES  
SENECA COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010**

	<u>General</u>	<u>Medicaid</u>	<u>Net Flex</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,897,027	\$ 375,115	\$ 1,204,762	\$ 672,904	\$ 4,149,808
<b>Fund Balances:</b>					
Reserved:					
Reserved for Encumbrances	\$ 310,101	\$ 340,914	\$ 344,295	\$ 227,754	\$ 1,223,064
Unreserved:					
Undesignated, Unreserved, reported in:					
General Fund	1,586,926				1,586,926
Special Revenue Funds		34,201	860,467	445,150	1,339,818
Total Fund Balances	<u>\$ 1,897,027</u>	<u>\$ 375,115</u>	<u>\$ 1,204,762</u>	<u>\$ 672,904</u>	<u>\$ 4,149,808</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SANDUSKY, SENECA AND WYANDOT COUNTIES  
SENECA COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Medicaid</u>	<u>Net Flex</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>					
Property Taxes	\$ 889,674				\$ 889,674
Intergovernmental	704,116	\$ 2,490,163	\$ 1,804,244	\$ 1,113,263	6,111,786
Donations	560				560
Miscellaneous	1,425		44,835	7,319	53,579
Charges for Services				9,069	9,069
<b>Total Receipts</b>	<u>1,595,775</u>	<u>2,490,163</u>	<u>1,849,079</u>	<u>1,129,651</u>	<u>7,064,668</u>
<b>Disbursements:</b>					
Current:					
Mental Health Services:					
Medicaid		2,476,030			2,476,030
Net Flex			1,810,752		1,810,752
Title XX				54,059	54,059
Suicide Prevention				824	824
508 Children/Adolescent				171,362	171,362
Mental Health Block Grant				40,477	40,477
Forensic Services				4,000	4,000
Cultural Competency				575	575
Alcohol and Drug Addition Services:					
State per Capita				314,169	314,169
Court Referred Driver				10,577	10,577
Treatment Alternative Street Crime				161,422	161,422
Federal ADAMHS				358,997	358,997
Substance Abuse Mental Health Services:					
Administration	909,341				909,341
<b>Total Disbursements</b>	<u>909,341</u>	<u>2,476,030</u>	<u>1,810,752</u>	<u>1,116,462</u>	<u>6,312,585</u>
<b>Net Change in Fund Balance</b>	686,434	14,133	38,327	13,189	752,083
<b>Fund Balances Beginning of Year</b>	1,210,593	360,982	1,166,435	659,715	3,397,725
<b>Fund Balances End of Year</b>	<u>\$ 1,897,027</u>	<u>\$ 375,115</u>	<u>\$ 1,204,762</u>	<u>\$ 672,904</u>	<u>\$ 4,149,808</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SANDUSKY, SENECA AND WYANDOT COUNTIES  
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Property Taxes	\$ 549,164	\$ 889,122	\$ 889,674	\$ 552
Intergovernmental	412,138	704,116	704,116	
Donations	338	560	560	
Miscellaneous	860	1,425	1,425	
<b>Total Receipts</b>	<u>962,500</u>	<u>1,595,223</u>	<u>1,595,775</u>	<u>552</u>
<b>Disbursements:</b>				
Current:				
Substance Abuse Mental Health Services:				
Administration	<u>1,502,929</u>	<u>1,376,957</u>	<u>1,219,442</u>	<u>157,515</u>
<b>Net Change in Fund Balance</b>	<u>(540,429)</u>	<u>218,266</u>	<u>376,333</u>	<u>158,067</u>
<b>Fund Balance at Beginning of Year</b>	1,027,155	1,027,155	1,027,155	
<b>Prior Year Encumbrances Appropriated</b>	<u>183,438</u>	<u>183,438</u>	<u>183,438</u>	
<b>Fund Balance End of Year</b>	<u>\$ 670,164</u>	<u>\$ 1,428,859</u>	<u>\$ 1,586,926</u>	<u>\$ 158,067</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SANDUSKY, SENECA AND WYANDOT COUNTIES  
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET BASIS  
MEDICAID FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Intergovernmental	\$ 2,749,055	\$ 2,480,498	\$ 2,490,163	\$ 9,665
<b>Disbursements:</b>				
Current:				
Mental Health Services:				
Medicaid	2,857,156	2,841,480	2,816,944	24,536
Net Change in Fund Balance	(108,101)	(360,982)	(326,781)	34,201
<b>Fund Balance at Beginning of Year</b>	252,881	252,881	252,881	
<b>Prior Year Encumbrances Appropriated</b>	108,101	\$ 108,101	108,101	
<b>Fund Balance End of Year</b>	<u>\$ 252,881</u>	<u>\$ 108,101</u>	<u>\$ 34,201</u>	<u>\$ 34,201</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SANDUSKY, SENECA AND WYANDOT COUNTIES  
SENECA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET BASIS  
NET FLEX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Intergovernmental	\$ 1,695,959	\$ 1,804,244	\$ 1,804,244	
Miscellaneous		44,835	44,835	
<b>Total Receipts</b>	<u>1,695,959</u>	<u>1,849,079</u>	<u>1,849,079</u>	
<b>Disbursements:</b>				
Current:				
Mental Health Services:				
Net Flex	<u>2,079,455</u>	<u>2,324,286</u>	<u>2,155,047</u>	<u>\$ 169,239</u>
<b>Net Change in Fund Balance</b>	<u>(383,496)</u>	<u>(475,207)</u>	<u>(305,968)</u>	<u>169,239</u>
<b>Fund Balance at Beginning of Year</b>	969,804	969,804	969,804	
<b>Prior Year Encumbrances Appropriated</b>	<u>196,631</u>	<u>196,631</u>	<u>196,631</u>	
<b>Fund Balance End of Year</b>	<u>\$ 782,939</u>	<u>\$ 691,228</u>	<u>\$ 860,467</u>	<u>\$ 169,239</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SANDUSKY, SENECA AND WYANDOT COUNTIES  
SENECA COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Private Purpose Trust</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 20,347</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	<u>\$ 20,347</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SANDUSKY, SENECA AND WYANDOT COUNTIES  
SENECA COUNTY**

**STATEMENT OF CHANGES IN CASH BASIS FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest	<u>\$ 26</u>
<b>Net Assets at Beginning of Year</b>	<u>20,321</u>
<b>Net Assets End of Year</b>	<u><u>\$ 20,347</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**This page intentionally left blank.**

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**1. REPORTING ENTITY**

The constitution and laws of the State of Ohio establish the rights and privileges of the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties, Seneca County, (the Board) as a body corporate and politic. An eighteen-member Board is the governing body. Ten members of the Board are appointed by the Board of County Commissioners from the respective counties of which members are residents, four members are appointed by the State of Ohio, Department of Mental Health and four members are appointed by the State of Ohio, Department of Alcohol and Drug Addiction Services. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. Private and public agencies are the primary service providers, through Board contracts.

**A. Primary Government**

The Board plans for, contracts for, monitors, and evaluates services to and is a joint venture of Seneca, Sandusky, and Wyandot Counties. The counties share in the equity of the Board based on the percentage of the population within the three counties. The population in each of the joint venture participants is: Sandusky County 60,071 (43 percent), Seneca County 56,152 (41 percent) and Wyandot County 22,394 (16 percent).

The Seneca County Auditor acts as fiscal agent for the Board and the Seneca County Treasurer acts as custodian of all funds.

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

**B. Component Units**

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 organization's governing 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 organization's resources; or the Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Board, are accessible to the Board, and are significant in amount to the Board. The Board has no component units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Board's accounting policies.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

**A. Basis of Presentation**

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

*Government-Wide Financial Statements*

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the primary government. The statements show those activities of the Board that are governmental. Governmental activities generally are financed through intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Board at year-end. The statement of activities compares disbursements and program receipts for each program or function of the Board's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Board is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular program. Receipts, which are not classified as program receipts are presented as general receipts of the Board, with certain, limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Board.

*Fund Financial Statements*

During the year, the Board segregates transactions related to certain Board functions or activities in separate funds in order 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Board uses funds 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.

*Governmental Funds*

Governmental funds are those through which most governmental functions of the Board are financed. The following are the Board's major governmental funds:

*General Fund* - The General Fund accounts 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.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

*Medicaid Fund* - This fund receives federal money for services rendered by provider agencies.

*Net Flex Fund* - This fund receives state money for the local match for Medicaid expenditures and support services for disabled adults and children.

*Fiduciary Fund*

Fiduciary fund includes a private purpose trust fund. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Board's own programs. The Board had the following significant Fiduciary Fund:

*Donelson Trust* - This fund is a private purpose trust fund used for the benefit of the people residing in Wyandot County who require mental health assistance.

The other governmental funds of the Board account for grants and other resources whose use is restricted for 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 cash 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 liabilities and their related expenses) are not recorded in these financial statements.

**D. 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. The legal level of control has been established by the Board at the fund and 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 in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

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 budget reflect the first appropriation resolution 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 passed by the Board during the year.

**E. Cash and Investments**

In accordance with the Ohio Revised Code, the Board's cash is held and invested by the Seneca County Treasurer, who acts as custodian for the Board's monies. The Board's assets are held in the County Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount. Individual fund integrity is maintained through Board records.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**G. 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.

**H. 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.

**I. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include grants for specific purposes.

The Board's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted resources are available.

**J. Fund Balance Reserves**

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

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

**K. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**3. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget Basis presented for the General Fund, the Medicaid Fund and the Net Flex Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$310,101 for the general fund, \$340,914 for the Medicaid fund and \$344,295 for the Net Flex fund.

**4. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility located in the Board. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. These taxes will be collected and are intended to finance operations. Assessed values for real property are established by State statute at 35 percent of appraised market value. All property is required to be revaluated every six years. The last reevaluation was completed in 2003, and the last triennial was completed in 2006. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**4. PROPERTY TAXES (Continued)**

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Board due to the phasing out of the tax. In calendar years 2009-2010, the Board was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The full tax rate for all Board operations for the year ended December 31, 2010 was \$3.20 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real property	\$ 890,398,160
Public utility personal property	<u>47,434,790</u>
Total assessed valuation	<u>\$ 937,832,950</u>

**5. RISK MANAGEMENT**

The Board is exposed to various risks of property and casualty losses and injuries to employees.

The Board insures against injuries to employees through the Ohio Bureau of Workers' Compensation.

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime;
- Public employee dishonesty; and,
- Directors and officers liability.

**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 pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional pension plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed Plan.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional pension and the 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, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and contribution rates were consistent across all three plans. The 2010 member contribution rates were 10.00 percent for members in State and local classifications. The Board's contribution rate for 2010 was 14.00 percent.

The Board's contribution rate for pension benefits for 2010 was 8.50 percent from January 1 through February 28, 2010 and 9.00 percent from March 1 through December 31, 2010. The Board's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009 and 2008 were \$23,562, \$22,584 and \$18,105, respectively. 100 percent has been contributed for 2010, 2009 and 2008.

**7. POSTEMPLOYMENT BENEFITS**

Plan Description - OPERS maintains a cost-sharing 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 health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the traditional pension and combined plans must have ten years or more of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but not does 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.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). The Ohio Revised Code provides the statutory authority requiring public employees to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14.00 percent of covered payroll. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to health care for 2010 was 5.50 percent from January 1 through February 28, 2010 and 5.00 percent from March 1 through December 31, 2010.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**7. POSTEMPLOYMENT BENEFITS (Continued)**

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

The Board's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009 and 2008 were \$13,433, \$16,330 and \$18,104, respectively; 100 percent has been contributed for 2010, 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008, which allowed additional funds to be allocated to the health care plan.

**8. CONTINGENCIES AND GRANTS**

The Board receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Board. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Board.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed Through Ohio Department of Mental Health:</i>			
Social Services Block Grant		93.667	\$ 43,220
			10,839
Total Social Services Block Grant			<u>54,059</u>
Block Grants for Community Mental Health Services	CA FY 10	93.958	11,010
	CA FY 11		5,511
	FY 10		2,675
	CPBG 10		28,064
	CPBG 11		12,413
Total Block Grants for Community Mental Health Services			<u>59,673</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		93.596	<u>33,118</u>
Medical Assistance Program	MH-FY09	93.778	14,669
	MH-FY10		1,387,413
	MH-FY11		332,305
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>	ADA-FY09		925
	ADA-FY10		178,774
	ADA-FY11		59,847
Total Medical Assistance Program			<u>1,973,933</u>
ARRA - Medical Assistance Program	MH-FY 09	93.778	2,324
	MH-FY10		219,828
	MH-FY11		52,410
	ADA-FY 09		147
	ADA-FY 10		28,327
	ADA-FY11		9,438
Total ARRA - Medical Assistance Program			<u>312,474</u>
Total All Medical Assistance Programs			<u>2,286,407</u>
State Children's Insurance Program	SCIP -10	93.767	35,727
	SCIP -11		4,528
<i>Passed Through Ohio Department of Mental Health:</i>	MH-SCIP -09		699
	MH -SCIP -10		117,099
	MH-SCIP -11		31,570
Total Children's Insurance Program			<u>189,623</u>
Block Grants for Prevention and Treatment of Substance Abuse	TASC-10	93.959	117,378
	TASC-11		44,044
	DFCC-10		21,944
	DFCC-11		10,972
	SAPT-09		1,922
	SAPT-10		269,738
	SAPT-11		54,421
Total Substance Abuse Prevention and Treatment Block Grant			<u>3,930</u> <u>524,349</u>
<b>Total Federal Awards Expenditures</b>			<b>\$ <u>3,147,229</u></b>

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

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
DECEMBER 31, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties (the Board's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

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



# Dave Yost • Auditor of State

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

Mental Health and Recovery Services Board  
of Seneca, Sandusky and Wyandot Counties  
Seneca County  
600 North River Road  
Tiffin, Ohio 44883-1173

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, Seneca County, Ohio (the Board), as of and for the year ended December 31, 2010, which collectively comprise the Board's basic financial statements and have issued our report thereon dated July 7, 2011, wherein we noted the Board uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

A 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 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 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 intend this report solely for the information and use of management, the audit committee, the Members of the Board, federal awarding agencies and pass-through entities, and others within the 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

July 7, 2011



# 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

Mental Health and Recovery Services Board  
of Seneca, Sandusky and Wyandot Counties  
Seneca County  
600 North River Road  
Tiffin, Ohio 44883-1173

To the Members of the Board:

### Compliance

We have audited the compliance of Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, Seneca County, Ohio (the Board), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Board major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Board's major federal program. The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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*. Those 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 Board's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, Seneca County complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

### Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could directly and materially affect a major federal program, 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 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 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 management, the audit committee, the Members of the Board, federal awarding agencies, pass-through entities and others within the Board. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

July 7, 2011

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2010**

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

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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

**This Page is Intentionally Left Blank.**



# Dave Yost • Auditor of State

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF SANDUSKY SENECA AND WYANDOT  
COUNTIES**

**SENECA 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  
JULY 26, 2011**