



Dave Yost • Auditor of State



**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Tri-County Board of Recovery and Mental Health Services  
Miami County  
The Stouder Center  
1100 Wayne Street, Suite 4000  
Troy, Ohio 45373

To the Members of the Board:

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

We have audited the accompanying financial statements of the governmental activities, and the general fund of Tri-County Board of Recovery and Mental Health Services, Miami County, Ohio (the Board), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and general fund of Tri-County Board of Recovery and Mental Health Services, Miami County, Ohio, as of December 31, 2012, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Emphasis of Matter**

As discussed in Note 11 to the financial statements, during 2012, the Board adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

**Other Matters**

*Supplemental and Other Information*

We audited to opine on the Board's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position, and governmental activities. The Federal Awards Expenditures Schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional analysis and are not a required part of the basic financial statements.

These tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2013, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



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

August 5, 2013

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED**

This discussion and analysis of Tri-County Board of Recovery and Mental Health Services', Miami County, (the Board) financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2012, 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 enhance their understanding of the Board's financial performance.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- Net Position increased \$800,340.
- General receipts accounted for \$4,841,599 in receipts or 52.6 percent of all receipts. Program specific receipts in the form of operating grants and contributions accounted for \$4,357,811 or 47.4 percent of total receipts of \$9,199,410.
- The Board had \$8,399,070 in disbursements related to governmental activities; only \$4,357,811 of these disbursements were offset by program specific operating grants and contributions. General receipts of \$4,841,599 were adequate to provide for these programs.
- The Board's major fund had \$9,199,410 in receipts and \$8,399,070 in disbursements. The cash fund balance increased \$800,340.

**Using this Annual Financial Report**

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

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Board, presenting both an aggregate view of the Board's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending.

***Reporting the Board as a Whole***

**Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis**

While this document contains information used by the Board to provide programs and services for its service area, the view of the Board as a whole looks at all financial transactions and asks the question, "How did we do financially during calendar year 2012?" The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis answer this question. The two statements report the Board's net position and changes in position. This change in net position is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(Continued)**

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, all of the Board's activities are considered to be Governmental Activities.

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

***Reporting the Board's Fund Financial Statements***

**Fund Financial Statements**

Fund financial statements provide detailed information about the Board. The Board's activities are reported in the fund financial statements, which focus on how money flows and the balance left at year end available for spending in future periods. These fund financial statements are reported on a cash basis of accounting. The fund financial statements provide a detailed short-term view of the Board's mental health and recovery operations and the services they provide. Governmental information will help you determine whether there are more/fewer financial resources available that can be spent in the near future to finance mental health and recovery programs.

**The Board as a Whole**

The Statement of Net Position – Cash Basis provides the perspective of the Board as a whole and Table 1 provides a summary of the Board's net position for 2012 compared to 2011.

**Table 1  
Net Position – Cash Basis**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
<b>Cash Basis Assets:</b>		
Cash Equivalents	\$4,908,021	\$4,107,681
<b>Net Position:</b>		
Unrestricted	4,908,021	4,107,681
Total Net Position	<u>\$4,908,021</u>	<u>\$4,107,681</u>

As shown in table 1, the Board's total position increased by \$800,340 from Fiscal Year 2011 to Fiscal Year 2012. The increase in net position at the end of the year was due to numerous factors; the elevation of Medicaid claims processing to the State level and the differences in timing of revenues and expenditures as that program closes out, the timing of Fiscal Year contract payments, a new State funding stream with funding received up front to support programming, and the timing of receipts of certain federal funds.

Table 2 shows a comparative analysis of the changes in net assets for the year ended 2012 compared to 2011.

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(Continued)**

**Table 2  
Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2012</b>	<b>2011</b>
<b>Receipts:</b>		
<b>Program Cash Receipts:</b>		
Operating Grants and Contributions	\$4,357,811	\$6,084,582
Total Program Cash Receipts	<u>4,357,811</u>	<u>6,084,582</u>
<b>General Receipts:</b>		
Property Taxes	1,930,928	1,898,007
Shared Revenues	2,895,653	2,429,950
Other Receipts	15,018	52,853
Total General Receipts	<u>4,841,599</u>	<u>4,380,810</u>
Total Receipts	<u>9,199,410</u>	<u>10,465,392</u>
<b>Disbursements:</b>		
Mental Health and Recovery Operations	8,399,070	10,709,450
Total Disbursements	<u>8,399,070</u>	<u>10,709,450</u>
Change in Net Position	<u>\$ 800,340</u>	<u>(\$ 244,058)</u>

In 2012, 52.6 percent of the Board's total receipts were from general receipts which consist mainly of property taxes and unrestricted state allocations and awards compared to 41.9 percent in 2011. Program cash receipts accounted for 47.4 percent of the Board's total receipts in year 2012 compared to 58.1 percent in 2011. Medicaid and its matching funds, federal operating grants, and state funds awarded for specific programs or purposes primarily make up these receipts.

The Statement of Activities – Cash Basis shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. This "net cost" amount represents the cost of those services supported by property tax receipts and unrestricted state allocations and awards. Comparisons to 2011 have been made.

**Table 3  
Governmental Activities**

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Mental Health and Recovery:</b>				
<b>Operations:</b>				
<b>Current:</b>				
Salaries	\$ 616,979	\$ 620,859	\$ 616,979	\$ 620,859
Supplies	13,348	21,154	13,348	21,154
Materials	1,249	1,076	1,249	1,076
Equipment	11,490	4,238	11,490	4,238
Contracts – Repair	2,899	2,778	2,899	2,778
Contracts – Services	7,292,357	9,585,713	2,934,546	3,501,131
Rentals	167,300	94,896	167,300	94,896
Advertising and Printing	497	2,768	497	2,768
Travel	1,440	649	1,440	649
Public Employee's Retirement	83,693	85,471	83,693	85,471
Insurance & Medicare	111,314	126,863	111,314	126,863
Other	96,504	162,985	96,504	162,985
Total Disbursements	<u>\$8,399,070</u>	<u>\$10,709,450</u>	<u>\$4,041,259</u>	<u>\$4,624,868</u>

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
UNAUDITED  
(Continued)**

The dependence upon state allocations and awards for government activities is apparent as 48.1 percent of mental health and recovery costs are supported through unrestricted state allocations and awards and other general receipts in 2012 compared to 43.2 percent in 2011.

**The Board's Fund Financial Statements**

The Board's fund financial statements are accounted for using the cash basis of accounting. The fund financial statements had total receipts of \$9,199,410 and disbursements of \$8,399,070. The financial statements had an increase in the cash balance of \$800,340.

***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.

**Economic Factors**

The Board contracts with 11 contract agencies to deliver mental health and substance abuse services to the residents of Miami, Darke and Shelby Counties. The economic environment has been and will continue to be extremely difficult due to slow recovery from the recent recession. The Board, along with its provider agencies, has worked to reduce costs while trying to maintain the level of service previously provided and maintaining a balanced Fiscal Year 2013 budget. In this effort, the Board must continue to closely monitor the current revenues and expenditures to help preserve the Mental Health and Alcohol and Drug Addiction services at the level the citizens of Miami, Darke and Shelby Counties have received in the past.

The Board passed a renewal of its operating levy in November of 2011. The ongoing support of the communities served in the difficult economic environment is invaluable and crucial to the ongoing preservation of the service system.

**Contacting the Board's Financial Management**

This financial report is designed to provide citizens, taxpayers, and providers with a general overview of the Board's finances and the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Terri Becker, Director of Finance and Administration, at Tri-County Board of Recovery and Mental Health Services, 1100 Wayne Street, Suite 4000, Troy, Ohio 45373.

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2012**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Cash Equivalents	\$4,908,021
Total Assets	<u>4,908,021</u>
<b>Net Position</b>	
Unrestricted	<u>4,908,021</u>
Total Net Position	<u><u>\$4,908,021</u></u>

*See accompanying notes to the basic financial statements.*

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Cash</u>	<u>Program Cash</u>	<u>Net (Disbursements)</u>
	<u>Disbursements</u>	<u>Receipts</u>	<u>Receipts and Changes</u>
		<u>Operating Grants</u>	<u>in Net Assets</u>
		<u>and Contributions</u>	<u>Governmental</u>
			<u>Activities</u>
<b>Mental Health and Recovery Operations:</b>			
Salaries	\$616,979		(\$616,979)
Supplies	13,348		(13,348)
Materials	1,249		(1,249)
Equipment	11,490		(11,490)
Contracts - Repairs	2,899		(2,899)
Contracts - Services	7,292,357	\$4,357,811	(2,934,546)
Rentals	167,300		(167,300)
Advertising and Printing	497		(497)
Travel and Expenses	1,440		(1,440)
Public Employee's Retirement	83,693		(83,693)
Insurance & Medicare	111,314		(111,314)
Other Expenses	96,504		(96,504)
Total Governmental Activities	<u>\$8,399,070</u>	<u>\$4,357,811</u>	<u>(4,041,259)</u>
 <b>General Receipts:</b>			
Property Taxes			1,930,928
Shared Revenues			2,895,653
Other Receipts			15,018
Total General Receipts			<u>4,841,599</u>
Change in Net Position			800,340
Net Position Beginning of Year			<u>4,107,681</u>
Net Position End of Year			<u>\$4,908,021</u>

*See accompanying notes to the basic financial statements.*

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND CASH BASIS FUND BALANCE -  
GENERAL FUND  
DECEMBER 31, 2012**

**Cash Basis Assets:**

Cash Equivalents	\$4,908,021
Total Cash Basis Assets	<u>4,908,021</u>

**Cash Basis Fund Balance:**

Non-spendable	
Restricted	662,617
Committed	189,759
Assigned	3,955,948
Unassigned (Deficit)	<u>99,697</u>
Total Cash Basis Fund Balance	<u>\$4,908,021</u>

*See accompanying notes to the basic financial statements.*

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN CASH BASIS FUND BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Cash Receipts:**

Taxes	\$1,930,928
Intergovernmental	6,820,201
Rental/Lease Income	86,214
Contract Services	347,049
Total Cash Receipts	<u>9,184,392</u>

**Cash Disbursements:**

**Current:**

Salaries	616,979
Supplies	13,348
Materials	1,249
Equipment	11,490
Contracts - Repair	2,899
Contracts - Services	7,292,357
Rentals	167,300
Advertising and Printing	497
Travel	1,440
Public Employee's Retirement	83,693
Insurance & Medicare	111,314
Other	96,504
Total Disbursements	<u>8,399,070</u>

Total Receipts Over Disbursements	<u>785,322</u>
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**Other Financing Receipts:**

Reimbursements	15,018
Total Other Financing Receipts	<u>15,018</u>

Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	800,340
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Cash Basis Fund Balances, January 1	<u>4,107,681</u>
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Cash Basis Fund Balances, December 31	<u><u>\$4,908,021</u></u>
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*See accompanying notes to the basic financial statements.*

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Taxes	\$1,915,888	\$1,915,888	\$1,930,928	\$15,040
Intergovernmental	6,532,226	6,532,226	6,820,201	287,975
Rental/Lease Income	98,100	98,100	86,214	(11,886)
Contract Services	331,450	331,450	347,049	15,599
Total Cash Receipts	<u>8,877,664</u>	<u>8,877,664</u>	<u>9,184,392</u>	<u>306,728</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Salaries	640,020	643,790	616,979	26,811
Supplies	78,176	78,376	13,457	64,919
Materials	2,503	2,503	1,249	1,254
Equipment	22,890	22,890	11,490	11,400
Contracts - Repair	7,372	7,372	3,477	3,895
Contracts - Services	11,055,764	11,024,405	7,970,560	3,053,845
Rentals	183,122	183,122	181,247	1,875
Advertising and Printing	6,000	6,000	497	5,503
Travel	5,470	5,470	1,488	3,982
Public Employee's Retirement	88,620	88,620	83,693	4,927
Insurance & Medicare	148,372	149,956	111,314	38,642
Other Expenses	114,129	139,934	107,627	32,307
Total Cash Disbursements	<u>12,352,438</u>	<u>12,352,438</u>	<u>9,103,078</u>	<u>3,249,360</u>
Excess of Cash Receipts Over/(Under) Disbursements	<u>(3,474,774)</u>	<u>(3,474,774)</u>	<u>81,314</u>	<u>3,556,088</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Refunds	500	500		(500)
Reimbursements	12,600	12,600	15,018	2,418
Total Other Financing Receipts/(Disbursements)	<u>13,100</u>	<u>13,100</u>	<u>15,018</u>	<u>1,918</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(3,461,674)</u>	<u>(3,461,674)</u>	<u>96,332</u>	<u>3,558,006</u>
Cash Basis Fund Balances, January 1	3,329,373	3,329,373	3,329,373	
Prior Year Encumbrances Appropriated	<u>778,308</u>	<u>778,308</u>	<u>778,308</u>	
Cash Basis Fund Balances, December 31	<u><u>\$646,007</u></u>	<u><u>\$646,007</u></u>	<u><u>\$4,204,013</u></u>	<u><u>\$3,558,006</u></u>

See accompanying notes to the basic financial statements.

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**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**1. DESCRIPTION OF THE REPORTING ENTITY**

The Tri-County Board of Recovery and Mental Health Services Board, Miami-Darke-Shelby (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 directed by an eighteen-member Board of Directors. Board members are appointed by the Ohio Department of Mental Health, the Ohio Department of Alcohol and Drug Addiction Services, and the legislative authorities of the political subdivisions making up the Board. The Board includes members from those appointing authorities who are citizens of the Board area. Those subdivisions are Darke County, Miami County, and Shelby County. The Board provides alcohol, drug addiction and mental health services and programs to citizens of these counties. These services are provided primarily through contracts with private and public agencies.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the Board consists of all funds, departments, boards and agencies that are not legally separate from the Board.

Component units are legally separate organizations for which the Board is financially accountable. Component units may also include organizations that are fiscally dependent on the Board in that the Board approves their budget, the issuance of their debt or the levying of their taxes. The Board has no component units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements and notes are presented on a cash basis of accounting. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. 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.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures are due to encumbrances outstanding at the end of the year.

**A. Fund Accounting**

The Board uses fund accounting to segregate cash and investments that are restricted as to use. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Board classifies its funds into the following type:

**General Fund:** The General Fund is the general operating fund. It is used to account for all financial resources.

**B. Basis of Presentation**

The Board's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, and Governmental Fund financial statements providing more detailed financial information.

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

**1. Government-wide Financial Statements**

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the Board at year-end. The Statement of Activities – Cash Basis compares the disbursements with program receipts for each function or program of the Board. 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. The Board only has one function, Mental Health and Recovery with associated objects. Program receipts include grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of disbursements with program receipts identifies the extent to which the function is self-financing on the cash basis or draws from the Board's general receipts.

**2. Fund Financial Statements**

Fund financial statements report more detailed information about the Board. The focus of governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column.

**C. Basis of Accounting**

The Government-wide Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis and the Fund Financial Statements are presented using the cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, receipts, and disbursement when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the cash basis of accounting, certain assets and their related receipts and certain liabilities and their disbursements are not recorded in these financial statements. If the Board utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting.

**D. Cash, Cash Equivalents and Investments**

As required by Ohio Revised Code, the Miami County Treasurer is custodian for the Board's cash. The Board's cash is held in the County's cash and investment pool, and is valued at the County Treasurer's carrying amount.

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less. The Board values investments and cash equivalents at cost.

**E. Budgetary Data**

Ohio law requires all funds, other than agency funds, to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources, which use the budgetary basis of accounting.

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures. The County Budget Commission must also approve the annual appropriation measure. Appropriations may be amended throughout the year within the restriction that appropriations may not exceed estimated resources. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources. The certificate of estimated resources may be amended during the year if the Board fiscal officer projects increases or decreases in receipts.

**3. Encumbrances**

The Ohio Revised Code requires the Board to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Board's 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**I. Net Position**

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

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

There are no amounts restricted by enabling legislation.

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

**J. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The classifications are as follows:

**Non-spendable** – The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted** – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorizations to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board official delegated that authority by resolution, or by State Statute.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**3. PROPERTY TAXES**

The Board receives taxes from its tax levy which is collected in Darke, Miami and Shelby Counties.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Board.

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

**4. 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 Fund Balance – Budget and Actual (Budget Basis) presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is that outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (cash basis). Outstanding year end encumbrances for 2012 were \$704,008.

**5. DEPOSITS AND INVESTMENTS**

**Deposits**

The Miami County Auditor serves as the fiscal agent for the Board. The Miami County Treasurer invests all County funds, as well as funds of those entities for which the County Auditor serves as fiscal agent. The Board maintains no control over the investment of its cash. At year-end, the carrying amount of the Board's deposits was \$4,908,021.

The Board's deposits maintained by the Miami County Treasurer are either insured by the Federal Deposit Insurance Corporation or were considered collateralized by securities held by the pledging institutions' trust departments in Miami County's name and all State statutory requirements for the deposit of money had been followed.

**6. RISK MANAGEMENT**

**A. Commercial Insurance**

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Fidelity

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**6. RISK MANAGEMENT (Continued)**

**B. Self-Insurance**

The Board's employees are covered under the Miami County Health Plan which is a self-funded plan. Miami County also carries stop-loss coverage to cover catastrophic illness. The financial risk for any such catastrophic illness lies with Miami County.

**7. DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

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 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 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 visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**Funding Policy** – For the year ended December 31, 2012, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The employer contribution rate for pension benefits for 2012 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Board's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011, and 2010 were \$83,693, \$85,471, and \$82,299 respectively; the full amount has been contributed for years 2012, 2011 and 2010.

**8. POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

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.

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, a prescription drug program and a 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.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. 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 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 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 the statutory authority requiring public employers to fund post-retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.00% of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Board's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2012, 2011, and 2010 were \$23,911, \$24,419, and \$29,868, respectively; 100 percent has been contributed for 2012, 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**9. CONTINGENCIES**

**A. Grants**

The Board receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds 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 general fund. However, in the opinion of management, any such disallowed claims would not have a material adverse effect on the overall financial position of the Board at December 31, 2012.

**B. Liabilities**

The Board assumed the obligations for several renovation grants from Miami and Shelby Counties and a Capital Grant from the Ohio Department of Mental Health on properties purchased from Eastway Corporation in November, 2003. There is no liability to the Board for these obligations as long as these properties continue to be used for their intended purpose and are not sold prior to maturity of the obligations. The maturity of the remaining obligation from this transaction is 9/1/2041.

The Board has also received Capital funding in the form of two grants directly from the Ohio Department of Mental Health for property purchases in the Tri-County area. There is, similarly, no liability to the Board for these obligations as long as these properties continue to be used for their intended purpose and are not sold prior to maturity of the obligations. The maturities of these obligations are November 1, 2043 and June 1, 2044 respectively.

**10. FUND BALANCES**

Fund balance is classified as restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<b>Fund Balance</b>	<b>Total</b>
<b>Restricted for:</b>	
Contracts - Services	\$ 662,617
Total Restricted	662,617
<b>Committed to:</b>	
Contracts - Repaid	579
contracts - Services	14,536
Rentals	13,947
Other	10,394
Campaign Levy	50,000
Capital Reserve	100,303
Total Committed	189,759
<b>Assigned to:</b>	
Supplies	109
Contracts - Services	1,050
Travel	48
Other	728
2013 Appropriations	3,954,013
Total Assigned	3,955,948
Unassigned (deficits)	99,697
Total Fund Balances:	\$4,908,021

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

**11. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2012, the Board has implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This statement provides guidance for reporting deferred outflows of resources and deferred inflows of resources. It also renames net assets to net position. As a result of implementing GASB Statement No. 63, the presentation of the financial statements and note disclosure has changed to show the difference between assets and liabilities as net position, instead of net assets. The implementation had no effect on fund balance/net position as previously reported for the year ended December 31, 2011.

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**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
(Direct Receipt)			
Shelter Plus Care	N/A	14.238	\$31,198
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
(Passed Through Ohio Department of Public Safety)			
Residential Substance Abuse Treatment for State Prisoners	2011-RS-SAT-131	16.593	27,540
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
(Passed Through Ohio Department of Alcohol and Drug Addiction Services)			
Race to the Top - Early Learning Challenge	3FRO-12-102-02-004	84.412	4,000
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
(Passed Through Ohio Department of Mental Health)			
Social Services Block Grant	N/A	93.667	114,178
Children's Health Insurance Program	N/A	93.767	4,230
Block Grants for Community Mental Health Services:			
Special Project - Children and Adolescent	N/A	93.958	31,987
Special Project - Crisis Center	N/A	93.958	90,436
Special Project - Ex-Offender	N/A	93.958	20,432
Total Block Grants for Community Mental Health Services			<u>142,855</u>
(Passed Through Ohio Department of Alcohol and Drug Addiction Services)			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	N/A	93.243	20,000
Block Grants for Prevention and Treatment of Substance Abuse:			
Youth Led Prevention		93.959	4,155
Women's Block Grant	55-1636-WOMEN-T-12-1137	93.959	84,523
Alcohol, Drug, & Mental Health Block Grant	N/A	93.959	566,245
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>654,923</u>
Medical Assistance Program	N/A	93.778	535
(Passed Through Ohio Department of Mental Health)			
Medical Assistance Program	N/A	93.778	<u>56,995</u>
Total Medical Assistance Program			<u>57,530</u>
Total United States Department of Health and Human Services			<u>993,716</u>
Total Federal Awards Expenditures			<u>\$1,056,454</u>

*The accompanying Notes to the Federal Awards Expenditures Schedule is an integral part of this Schedule.*

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Tri-County Board of Recovery and Mental Health Service's (the Board's) federal award programs' expenditures. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The Board passes certain federal awards received from Ohio Department of Mental Health and Ohio Department of Alcohol and Drug Addiction Services to not-for-profit agencies (sub-recipients). As Note A 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, the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.

**NOTE C - 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.

**NOTE D – MEDICAID REQUIREMENTS**

For Medicaid claims with service dates after July 1, 2011, the Board is considered a vendor rather than a sub-recipient. Expenditures for these claims are no longer included on the Federal Awards Expenditures Schedule.



# Dave Yost • Auditor of State

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

Tri-County Board of Recovery and Mental Health Services  
Miami County  
The Stouder Center  
1100 Wayne Street, Suite 4000  
Troy, Ohio 45373

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and General fund of the Tri-County Board of Recovery and Mental Health Services, Miami County, (the Board) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated August 5, 2013 wherein we noted the Board prepared financial statements on another comprehensive basis of accounting rather than generally accepted accounting principles. We also noted the Board adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 5, 2013



# Dave Yost • Auditor of State

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

Tri-County Board of Recovery and Mental Health Services  
Miami County  
The Stouder Center  
1100 Wayne Street, Suite 4000  
Troy, Ohio 45373

To the Members of the Board:

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

We have audited the Tri-County Board of Recovery and Mental Health Services (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Tri-County Board of Recovery and Mental Health Services major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Board's major federal program.

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

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

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

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

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

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

In our opinion, the Tri-County Board of Recovery and Mental Health Services complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

**Report on Internal Control Over Compliance**

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

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

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

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 5, 2013

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2012**

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

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

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

None.

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

None.

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# Dave Yost • Auditor of State

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 22, 2013**