



Dave Yost • Auditor of State

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

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INDEPENDENT ACCOUNTANTS' REPORT

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

To Members of the Board:

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, 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 2, 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 and the general fund of Tri-County Board of Recovery and Mental Health Services, Miami County, Ohio, as of December 31, 2010, and the respective changes in cash financial position, thereof and the budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 2 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 expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure 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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
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, 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 enhance their understanding of the Board's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- Net assets decreased \$28,271.
- General receipts accounted for \$5,436,848 in receipts or 54.7 percent of all receipts. Program specific receipts in the form of operating grants and contributions accounted for \$4,506,601 or 45.3 percent of total receipts of \$9,943,449.
- The Board had \$9,971,720 in disbursements related to governmental activities; only \$4,506,601 of these disbursements were offset by program specific operating grants and contributions. General receipts of \$5,436,848 were adequate to provide for these programs.
- The Board's major fund had \$9,943,449 in receipts and \$9,971,720 in disbursements. The cash fund balance decreased \$28,271.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 Assets – 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 Assets – 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 2010?" The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer this question. The two statements report the Board's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

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

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

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

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

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 Assets – Cash Basis provides the perspective of the Board as a whole and Table 1 provides a summary of the Board's net assets for 2010 compared to 2009.

**Table 1
Net Assets – Cash Basis**

Cash Basis Assets	Governmental Activities	
	2010	2009
Cash Equivalents	\$4,351,738	\$4,380,009
Net Assets		
Unrestricted	4,351,738	4,380,009
Total Net Assets	\$4,351,738	\$4,380,009

In 2010 total assets decreased \$28,271. Total receipts for 2010 decreased \$882,629 as significant funding cuts were received by the Board. Disbursements for 2010 decreased by \$371,923 as these cuts were implemented by the Board and the provider agencies.

Table 2 shows a comparative analysis of the changes in net assets for the year ended 2010 compared to 2009.

**Table 2
Changes in Net Assets**

	Governmental Activities	
	2010	2009
Receipts:		
Program Cash Receipts:		
Operating Grants and Contributions	\$4,506,601	\$5,886,386
Total Program Cash Receipts	4,506,601	5,886,386
General Receipts:		
Property Taxes	1,899,082	1,873,598
Shared Revenues	3,492,201	3,024,709
Other Receipts	45,565	41,385
Total General Receipts	5,436,848	4,939,692
Total Receipts	9,943,449	10,826,078
Disbursements:		
Mental Health and Recovery Operations	9,971,720	10,343,643
Total Disbursements	9,971,720	10,343,643
Change in Net Assets	\$ 28,271	\$ 482,435

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

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

In 2010, 54.7 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 45.6 percent in 2009. Program cash receipts accounted for 45.3 percent of the Board's total receipts in year 2010 compared to 54.4 percent in 2009. 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 2009 have been made.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Mental Health and Recovery:				
Operations:				
Current:				
Salaries	\$ 613,976	\$ 686,775	\$ 613,976	\$ 686,775
Supplies	6,802	9,874	6,802	9,874
Materials	645	2,801	645	2,801
Equipment	4,512	7,587	4,512	7,587
Contracts - Repair	2,215	2,049	2,215	2,049
Contracts - Services	8,962,336	9,182,592	4,455,735	3,296,206
Rentals	72,886	72,885	72,886	72,885
Advertising and Printing	2,554	3,152	2,554	3,152
Travel	398	2,606	398	2,606
Public Employees' Retirement	82,299	91,887	82,299	91,887
Insurance & Medicare	137,110	149,300	137,110	149,300
Other	85,987	132,135	85,987	132,135
Total Disbursements	\$9,971,720	\$10,343,643	\$5,465,119	\$4,457,257

The dependence upon state allocations and awards for governmental activities is apparent as 54.8 percent of mental health and recovery costs are supported through unrestricted state allocations and awards and other general receipts in 2010 compared to 43.1 percent in 2009.

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 \$9,943,449 and disbursements of \$9,971,720. The financial statements had a decrease in the cash balance of \$28,271.

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.

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

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

Economic Factors

The Board contracts with 13 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 ongoing significant State funding reductions and the scheduled loss this coming year of additional Federal ARRA Stimulus funding for the Medicaid program. The Board, along with its provider agencies, has worked to reduce costs while trying to minimize the reduction of services and programs. The Board continues to make every effort to minimize the impact of these reductions on the residents of Miami, Darke and Shelby Counties. The Board and its administration must maintain careful financial planning and fiscal management in order to balance the budget annually.

In 2010 the Board completed the transition of mental health and AoD outpatient services in Miami County to new providers within the existing providers in the provider network. The Board is now working to complete the transition of services from the former provider by transitioning Crisis services to existing providers within the provider network as well. The Board will continue work with the providers involved in the process to help assure a seamless transition for clients and community partners.

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 ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Activities
Assets:	
Cash Equivalents	\$4,351,738
Total Assets	<u>4,351,738</u>
Net Assets:	
Unrestricted	4,351,738
Total Net Assets	<u><u>\$4,351,738</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, 2010**

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Operating Grants and Contributions	Governmental Activities
Mental Health and Recovery:			
Operations:			
Salaries	\$613,976		(\$613,976)
Supplies	6,802		(6,802)
Materials	645		(645)
Equipment	4,512		(4,512)
Contracts - Repairs	2,215		(2,215)
Contracts - Services	8,962,336	\$4,506,601	(4,455,735)
Rentals	72,886		(72,886)
Advertising and Printing	2,554		(2,554)
Travel and Expenses	398		(398)
Public Employee's Retirement	82,299		(82,299)
Insurance & Medicare	137,110		(137,110)
Other Expenses	85,987		(85,987)
Total Governmental Activities	\$9,971,720	\$4,506,601	(5,465,119)
General Receipts:			
Property Taxes			1,899,082
Shared Revenues			3,492,201
Other Receipts			45,565
Total General Receipts			5,436,848
Change in Net Assets			(28,271)
Net Assets Beginning of Year			4,380,009
Net Assets End of Year			\$4,351,738

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
FOR THE YEAR ENDED DECEMBER 31, 2010**

Cash Basis Assets:

Cash Equivalents	\$4,351,738
Total Cash Basis Assets	<u>4,351,738</u>

Cash Basis Fund Balance:

Reserved for Encumbrances	514,908
Capital Reserve	100,303
Levy Campaign Reserve	40,000
Unreserved, Undesignated	<u>3,696,527</u>
Total Cash Basis Fund Balance	<u>\$4,351,738</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, 2010**

Cash Receipts:

Taxes	\$1,899,082
Intergovernmental	7,366,990
ARRA Enhanced FMAP	320,853
Rental/Lease Income	7,700
Total Cash Receipts	9,897,884

Cash Disbursements:

Current:

Salaries	613,976
Supplies	6,802
Materials	645
Equipment	4,512
Contracts - Repair	2,215
Contracts - Services	8,962,336
Rentals	72,886
Advertising and Printing	2,554
Travel	398
Public Employee's Retirement	82,299
Insurance & Medicare	137,110
Other	85,987
Total Disbursements	9,971,720

Total Receipts (Under) Disbursements	(73,836)
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Other Financing Receipts:

Refunds	2,207
Reimbursements	43,358
Total Other Financing Receipts	45,565

Excess of Cash Receipts and Other Financing Receipts(Under) Cash Disbursements	(28,271)
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Cash Basis Fund Balances, January 1	4,380,009
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Cash Basis Fund Balances, December 31	\$4,351,738
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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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Taxes	\$1,884,015	\$1,884,015	\$1,899,082	\$15,067
Intergovernmental	6,876,795	6,876,795	7,366,990	490,195
ARRA Enhanced FMAP	300,000	300,000	320,853	20,853
Rental/Lease Income	8,000	8,000	7,700	(300)
Contract Services	345,860	345,860	303,259	(42,601)
Total Cash Receipts	<u>9,414,670</u>	<u>9,414,670</u>	<u>9,897,884</u>	<u>483,214</u>
Disbursements:				
Current:				
Salaries	684,492	684,492	613,976	70,516
Supplies	80,434	80,434	7,179	73,255
Materials	3,300	3,300	781	2,519
Equipment	25,000	25,000	4,940	20,060
Contracts - Repair	8,197	8,197	2,975	5,222
Contracts - Services	11,000,522	11,780,860	9,474,319	2,306,541
Rentals	75,500	75,500	72,886	2,614
Advertising and Printing	10,015	10,015	2,569	7,446
Travel	6,000	6,000	398	5,602
Public Employee's Retirement	92,256	92,256	82,299	9,957
Insurance & Medicare	166,008	166,008	137,110	28,898
Other Expenses	127,718	131,018	87,196	43,822
Total Cash Disbursements	<u>12,279,442</u>	<u>13,063,080</u>	<u>10,486,628</u>	<u>2,576,452</u>
Excess of Cash Receipts Over/(Under) Disbursements	<u>(2,864,772)</u>	<u>(3,648,410)</u>	<u>(588,744)</u>	<u>3,059,666</u>
Other Financing Receipts:				
Refunds	500	500	2,207	1,707
Reimbursements	18,600	18,600	43,358	24,758
Total Other Financing Receipts	<u>19,100</u>	<u>19,100</u>	<u>45,565</u>	<u>26,465</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(2,845,672)</u>	<u>(3,629,310)</u>	<u>(543,179)</u>	<u>3,086,131</u>
Cash Basis Fund Balances, January 1	4,030,638	4,030,638	4,030,638	
Prior Year Encumbrances Appropriated	<u>349,372</u>	<u>349,372</u>	<u>349,372</u>	
Cash Basis Fund Balances, December 31	<u>\$1,534,338</u>	<u>\$750,700</u>	<u>\$3,836,831</u>	<u>\$3,086,131</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, 2010**

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 Government 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 beginning and end of the fiscal 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 fund 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 Assets – 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, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-wide Financial Statements

The Statement of Net Assets – 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 Assets – 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 assets/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. Fund Balance Reserves

The Board reserves those portions of fund balance which are legally segregated for a specific future use or which are not available for appropriation or expenditure. Fund reserves have been established for encumbrances.

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflect the Board's intentions and are subject to change. The designations are reported as part of unreserved fund balance.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board has designated funds for future capital expenses and has also set aside funds for future levy campaigns.

F. 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 and the certificate of estimated resources, which use the budgetary basis of accounting.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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 re-appropriated.

G. 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.

H. 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.

I. 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.

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

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

Each respective County (Miami, Darke and Shelby) 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 Receipts, Disbursements and Changes in 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 2010 were \$514,908.

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 \$4,351,738.

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.

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

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

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

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

Plan Description - The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan 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 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, 2010, 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 2010 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, 2010, 2009, and 2008 were \$82,299, \$91,887, and \$91,138 respectively; the full amount has been contributed for years 2010, 2009, and 2008.

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

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

8. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post-employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. 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 that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to health care was 5.5 percent from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Board's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$29,868, \$38,393, and \$45,569 respectively; 100 percent has been contributed for 2010, 2009 and 2008.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

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

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

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 September 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.

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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, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
(Direct Receipt)			
Shelter Plus Care	N/A	14.238	\$22,664
Total United States Department of Housing and Urban Development			<u>22,664</u>
UNITED STATES DEPARTMENT OF JUSTICE			
(Passed Through Ohio Department of Public Safety)			
Residential Substance Abuse Treatment for State Prisoners	N/A	16.593	4,146
Total United States Department of Justing			<u>4,146</u>
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
(Passed Through Ohio Department of Mental Health)			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	N/A	93.596	35,183
Social Services Block Grant	N/A	93.667	116,741
Children's Health Insurance Program	N/A	93.767	158,333
(Passed Through Ohio Department of Alcohol and Drug Addiction Services)			
Children's Health Insurance Program	N/A	93.767	34,549
Total Children's Health Insurance Program			<u>192,882</u>
Block Grants for Community Mental Health Services:			
Special Project - Children and Adolescent	N/A	93.958	25,068
Special Project - Crisis Center	N/A	93.958	75,366
Total Block Grants for Community Mental Health Services			<u>100,434</u>
(Passed Through Ohio Department of Alcohol and Drug Addiction Services)			
Block Grants for Prevention and Treatment of Substance Abuse:			
Youth Led Prevention	N/A	93.959	4,255
Women's Block Grant	55-13900-00-WOMEN-T-09-8971	93.959	90,344
Alcohol, Drug, & Mental Health Block Grant	N/A	93.959	527,894
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>622,493</u>
Medical Assistance Program	N/A	93.778	365,813
ARRA - Medical Assistance Program	N/A	93.778	58,570
(Passed Through Ohio Department of Mental Health)			
Medical Assistance Program	N/A	93.778	1,876,564
ARRA - Medical Assistance Program	N/A	93.778	300,035
Total Medical Assistance Program			<u>2,600,982</u>
Total United States Department of Health and Human Services			<u>3,668,715</u>
Total Federal Awards Expenditures			<u>\$3,695,525</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
FOR THE YEAR ENDED DECEMBER 31, 2010**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUB-RECIPIENTS

The Board passes certain federal assistance received from the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services to not-for-profit agencies (sub-recipients). As described in Note A, the Board records expenditures of federal awards to sub-recipients when paid in cash.

As a sub-recipient, the Board has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations, and 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.



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*

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

To Members of the Board:

We have audited the financial statements of the governmental activities and the general fund of Tri-County Board of Recovery and Mental Health Services, Miami County, (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. 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 opinion 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, members of the Board, and 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

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

To Members of the Board:

Compliance

We have audited the compliance of Tri-County Board of Recovery and Mental Health Services (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 each of Tri-County Board of Recovery and Mental Health Services' major federal programs 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 programs. The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to 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 Tri-County Board of Recovery and Mental Health Services complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 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 the audit committee, management, members of the board, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

July 7, 2011

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES
MIAMI 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):	CFDA #93.778 - Medical Assistance Program CFDA #93.778 ARRA – Medical Assistance Program CFDA #93.959 – Block Grants for Prevention and Treatment of Substance Abuse
<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 AND QUESTIONED COSTS FOR FEDERAL AWARDS
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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 9, 2011**