

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

**AUDIT REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

Board of Directors  
Tri-County Board of Recovery and Mental Health Services  
1100 Wayne Street, suite 4000  
Troy, Ohio 45373

We have reviewed the *Independent Auditor's Report* of the Tri-County Board of Recovery and Mental Health Services, Miami County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Tri-County Board of Recovery and Mental Health Services is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 5, 2017

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**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES**  
**MIAMI COUNTY, OHIO**  
**AUDIT REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

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TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor' Report	1-2
Management's Discussion and Analysis	3-7
Statement of Net Position - Cash Basis	8
Statement of Activities - Cash Basis	9
Statement of Cash Basis Assets and Cash Basis Fund Balances – Governmental Funds	10
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance - Governmental Funds	11
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance - Budget and Actual (Budget Basis) - General Fund	12
Notes to the Basic Financial Statements	13-22
Schedule of Expenditures of Federal Awards	23
Notes to the Schedule of Expenditures of Federal Awards	24
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	25-26
Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	27-28
Schedule of Findings and Questioned Costs	29
Schedule of Prior Audit Findings and Recommendations	30

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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**INDEPENDENT AUDITOR'S REPORT**

To Members of the Board  
Tri-County Board of Recovery  
and Mental Health Services  
Troy, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Tri-County Board of Recovery and Mental Health Services, Miami County, Ohio (the Board), as of and for the year ended December 31, 2016, 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 the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 the General Fund of the Tri-County Board of Recovery and Mental Health Services, Ohio, as of December 31, 2016, 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 basis of accounting described in Note 2.

## ***Accounting Basis***

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

## ***Other Matters***

### ***Other Information***

We applied no procedures to the Management's Discussion and Analysis as listed in the table of contents. Accordingly, 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 April 17, 2017, on our consideration of the Tri-County Board of Recovery and Mental Health Services, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 provide an opinion 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 Tri-County Board of Recovery and Mental Health Services, Ohio's internal control over financial reporting and compliance.

James G. Zupka,  
CPA, President

Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James G.  
Zupka, CPA, Inc., ou=ourAccounting,  
email=jgzcpa@bcglobal.net, c=US  
Date: 2017.05.17 14:25:13 -0400

James G. Zupka, CPA, Inc.  
Certified Public Accountants

April 17, 2017



**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

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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, 2016, 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 2016 are as follows:

- Net position decreased \$482,155.
- General receipts accounted for \$5,547,195 in receipts or 81.3 percent of all receipts. Program specific receipts in the form of operating grants and contributions accounted for \$1,276,319 or 18.7 percent of total receipts of \$6,823,514.
- The Board had \$7,305,669 in disbursements related to governmental activities; only \$1,276,319 of these disbursements were offset by program specific operating grants and contributions. General receipts of \$5,547,195 plus \$482,155 of carryover fund balance were adequate to provide for these programs.
- The Board's major fund had \$6,823,514 in receipts and \$7,305,669 in disbursements. The cash fund balance decreased \$482,155.

**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 2016?" 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, 2016  
Unaudited

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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 2016 compared to 2015.

**Table 1**  
**Net Position - Cash Basis**

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	<b>Governmental Activities</b>	
	<u>2016</u>	<u>2015</u>
<b>Cash Basis Assets</b>		
Cash Equivalents	<u>\$ 6,506,439</u>	<u>\$ 6,988,594</u>
<b>Net Position</b>		
Unrestricted	<u>6,506,439</u>	<u>6,988,594</u>
<b>Total Net Position</b>	<u><u>\$ 6,506,439</u></u>	<u><u>\$ 6,988,594</u></u>

As shown in table 1, the Board's total position decreased by \$482,155 from Fiscal Year 2015 to Fiscal Year 2016. The decrease in net position at the end of the year was due to numerous factors, the most impactful being the differences in timing of revenues and expenditures, the timing of Fiscal Year contract payments, and the purchase of Board property.

**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

Table 2 shows a comparative analysis of the changes in net position for the year ended 2016 compared to 2015.

**Table 2**  
**Changes in Net Position**

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2015</b>
<b>Receipts</b>		
Program Cash Receipts		
Operating Grants and Contributions	\$ 1,276,319	\$ 1,053,915
Total Program Cash Receipts	<u>1,276,319</u>	<u>1,053,915</u>
General Receipts		
Property Taxes	2,124,475	2,168,968
Shared Revenues	3,261,350	2,735,768
Gifts & Donations	145,895	0
Other Receipts	15,475	39,536
Total General Receipts	<u>5,547,195</u>	<u>4,944,272</u>
<b>Total Receipts</b>	<u>6,823,514</u>	<u>5,998,187</u>
<b>Disbursements:</b>		
Mental Health and Recovery Operations	7,305,669	4,727,859
<b>Total Disbursements</b>	<u>7,305,669</u>	<u>4,727,859</u>
<b>Change in Net Position</b>	<u>\$ (482,155)</u>	<u>\$ 1,270,328</u>

In 2016, 81.3 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 82.4 percent in 2015. Program cash receipts accounted for 18.7 percent of the Board's total receipts in year 2016 compared to 17.6 percent in 2015. 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 2015 have been made.

**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Management's Discussion and Analysis  
For the Year Ended December 31, 2016  
Unaudited

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Mental Health and Recovery Operations:				
Current:				
Salaries	\$ 959,738	\$ 780,934	\$ 959,738	\$ 780,934
Supplies	18,239	22,015	18,239	22,015
Materials	4,014	2,325	4,014	2,325
Equipment	2,017	6,349	2,017	6,349
Contracts - Repair	2,856	1,655	2,856	1,655
Contracts - Services	4,789,369	3,295,443	3,513,050	2,241,528
Rentals	176,280	174,897	176,280	174,897
Advertising and Printing	47,194	39,041	47,194	39,041
Travel	4,349	4,550	4,349	4,550
Public Employee's Retirement	128,784	114,657	128,784	114,657
Insurance & Medicare	167,550	139,619	167,550	139,619
Property	868,920	67,911	868,920	67,911
Other	136,359	78,463	136,359	78,463
<b>Total Disbursements</b>	<b>\$7,305,669</b>	<b>\$4,727,859</b>	<b>\$6,029,350</b>	<b>\$3,673,944</b>

The dependence upon unrestricted state allocations and awards for government activities is apparent as 82.5 percent of mental health and recovery costs are supported through unrestricted state allocations and awards and other general receipts in 2016 compared to 77.7 percent in 2015.

**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 \$6,823,514 and disbursements of \$7,305,669. The financial statements had a decrease in the cash balance of \$482,155.

**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, 2016

Unaudited

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## **Economic Factors**

In 2014 the Affordable Care Act and Medicaid Expansion was implemented, expanding healthcare coverage for eligible individuals. The impact on the payer mix in the service system has been significant. The Board has seen a significant shift in eligibility for payment subsidy and is implementing plans to utilize the funding for expanded services. Many of these expanded services are aimed at addressing the needs of addicted individuals as well as broadening the array of supportive services in the system such as housing and peer support.

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 difficult due to ongoing uncertainty about future funding. The Board, along with its provider agencies, has worked to reduce costs while trying to maintain adequate levels of service and balanced budgets. In these efforts, 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 an adequate level for the citizens of Miami, Darke and Shelby Counties.

The Board passed a renewal of its operating levy in November of 2016. 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, Associate Director and Chief Financial Officer, at Tri-County Board of Recovery and Mental Health Services, 1100 Wayne Street, Suite 4000, Troy, Ohio 45373.

**TRI-COUNTY BOARD OF RECOVERY & MENTAL HEALTH SERVICES  
MIAMI COUNTY  
STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2016**

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Cash Equivalents	\$6,506,439
<b>Total Assets</b>	<u>\$6,506,439</u>
<b><u>Net Position</u></b>	
Unrestricted	\$6,506,439
<b>Total Net Position</b>	<u><u>\$6,506,439</u></u>

See accompanying notes to the basic financial statements



**TRI-COUNTY BOARD OF RECOVERY & MENTAL HEALTH SERVICES**  
**MIAMI COUNTY**  
**STATEMENT OF CASH BASIS ASSETS AND CASH BASIS FUND BALANCE - GENERAL FUND**  
**DECEMBER 31, 2016**

<b>Cash Basis Assets</b>	
Cash Equivalents	\$6,506,439
<b>Total Cash Basis Assets</b>	<u>\$6,506,439</u>
<b>Cash Basis Fund Balance</b>	
Restricted	\$604,381
Committed	2,242,000
Assigned	10,854
Unassigned	<u>3,649,204</u>
<b>Total Cash Basis Fund Balance</b>	<u>\$6,506,439</u>

See accompanying notes to the basic financial statements



**TRI-COUNTY BOARD OF RECOVERY & MENTAL HEALTH SERVICES  
MIAMI COUNTY  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BASIS FUND BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Cash Receipts:**

Taxes	\$2,124,475
Intergovernmental	3,878,824
Rental/Lease Income	122,692
Gifts & Donations	145,895
Contract Services	536,153
<b>Total Cash Receipts</b>	<b>6,808,039</b>

**Cash Disbursements:**

Current:	
Salaries	959,738
Supplies	18,239
Materials	4,014
Equipment	2,017
Contracts - Repair	2,856
Contracts - Services	4,789,369
Rentals	176,280
Advertising and Printing	47,194
Travel	4,349
Public Employee's Retirement	128,784
Insurance & Medicare	167,550
Property	868,920
Other	136,359
<b>Total Disbursements</b>	<b>7,305,669</b>
Total Receipts Over/(Under) Disbursements	<b>(497,630)</b>

**Other Financing Receipts/(Disbursements):**

Refunds	7,132
Reimbursements	8,343
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>15,475</b>

Excess of Cash Receipts and Other Financing Receipts Over/ (Under) Cash Disbursements and Other Financing Disbursements	(482,155)
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Cash Basis Fund Balances, January 1	6,988,594
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<b>Cash Basis Fund Balances, December 31</b>	<b>\$6,506,439</b>
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See accompanying notes to the basic financial statements

**TRI-COUNTY BOARD OF RECOVERY & 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, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts</b>				
Taxes	\$1,967,583	\$1,967,583	\$2,124,475	\$156,892
Intergovernmental	4,950,195	4,950,195	3,878,824	(1,071,371)
Rental/Lease Income	110,853	110,853	122,692	11,839
Gifts & Donations	100	100	145,895	145,795
Contract Services	363,173	363,173	536,153	172,980
<b>Total Cash Receipts</b>	<u>7,391,904</u>	<u>7,391,904</u>	<u>6,808,039</u>	<u>(583,865)</u>
<b>Disbursements:</b>				
Current:				
Salaries	981,000	995,500	959,738	35,762
Supplies	226,602	127,602	34,186	93,416
Materials	2,100	7,100	4,519	2,581
Equipment	20,500	20,500	2,017	18,483
Contracts - Repair	5,500	6,000	3,356	2,644
Contracts - Services	6,976,468	6,271,468	5,458,683	812,786
Rentals	184,474	184,474	176,280	8,194
Advertising and Printing	45,060	55,060	47,296	7,764
Travel	6,950	8,950	6,324	2,626
Public Employee's Retirement	137,340	137,340	128,784	8,556
Insurance & Medicare	224,372	214,372	167,550	46,822
Property	0	874,000	868,920	5,080
Other Expenses	114,332	122,332	144,948	(22,616)
<b>Total Cash Disbursements</b>	<u>8,924,698</u>	<u>9,024,698</u>	<u>8,002,601</u>	<u>1,022,098</u>
Excess of Cash Receipts Over/(Under) Disbursements	<u>(1,532,794)</u>	<u>(1,632,794)</u>	<u>(1,194,562)</u>	<u>438,233</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Refunds	2,500	2,500	7,132	4,632
Reimbursements	13,500	13,500	8,343	(5,157)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>16,000</u>	<u>16,000</u>	<u>15,475</u>	<u>(525)</u>
Excess of Cash Receipts and Other Financing Receipts Over/ (Under) Cash Disbursements and Other Financing Disbursements	<u>(1,516,794)</u>	<u>(1,616,794)</u>	<u>(1,179,087)</u>	<u>437,707</u>
Cash Basis Fund Balances, January 1	6,032,810	6,032,810	6,032,810	0
Prior Year Encumbrances Appropriated	955,783	955,783	955,783	0
<b>Cash Basis Fund Balances, December 31</b>	<u>\$5,471,799</u>	<u>\$5,371,799</u>	<u>\$5,809,506</u>	<u>\$437,707</u>

See accompanying notes to the basic financial statements

**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 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 and Addiction Services. 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.

**Note 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 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 and a Statement of Activities, 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, 2016

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**Government-wide Financial Statements:** The statement of Net Position presents the financial condition of the governmental activities of the Board at year-end. The Statement of Activities 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.

**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 and Statement of Activities 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. 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.

In addition, the Board sets aside a capital reserve for future capital expense and has also set aside levy campaign reserves 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.

**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**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.

**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.

**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.

**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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. 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.

**K. 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.

**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**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 amount. 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.

**Note 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.

**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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**Note 4 – Tax Abatements**

For 2016, Governmental Accounting Standards Board (GASB) Statement No. 77, “Tax Abatement Disclosures” was effective. This GASB pronouncement had no effect on beginning net position as reported December 31, 2015.

For purposes of GASB Statement No. 77, the definition of a tax abatement is: A reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Several local jurisdictions have entered into such agreements. The breakdown of these abatements for 2016 can be summarized as follows:

Tax Incremental Financing Agreements (TIFF)	\$ 3,112
Community Reinvestment Area (CRA)	\$16,697
Enterprise Zone Agreement	<u>\$13,597</u>
Total Abatements	\$33,406

**Note 5 – 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 2016 were \$696,932.

**Note 6 – 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 \$6,506,439.

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.

**Note 7 – Risk Management**

**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, 2016

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**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.

**Note 8 - Defined Benefit Pension Plans**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. 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. While members may elect the member-directed plan and the combined plan, most employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension 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 includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):



**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

	State and Local	Public Safety	Law Enforcement
<b>2016 Statutory Maximum Contribution Rates</b>			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
<b>2016 Actual Contribution Rates</b>			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	2.0	2.0	2.0
<b>Total Employer</b>	<b>14.0 %</b>	<b>18.1 %</b>	<b>18.1 %</b>
<b>Employee</b>	<b>10.0 %</b>	<b>12.0 %</b>	<b>13.0 %</b>
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$128,784 for year 2016.

**Note 9 – Postemployment Benefits**

**A. 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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidated all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Direct Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expense from their vested RMA balance.

In order to qualify for post-employment healthcare coverage, age and service retirees under the Traditional Pension and Combined plans must have twenty years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statements in the OPERS 2015 CAFR for details.

**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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The Ohio Revised Code permits, but does not mandate, OPERS to provide health care to its eligible benefit recipients. 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 by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

**Funding Policy** – The Ohio Revised Code provides the statutory authority requiring public employers to fund 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 employees. In 2016, local government employers contributed 14.00 percent 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 retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment healthcare benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan and Combined Plan was 2.0 percent during calendar year 2016. 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 employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The Board’s contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2016, 2015, and 2014 were \$18,390, \$16,373, and \$14,253 respectively; 100 percent has been contributed for 2016, 2015 and 2014.

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.

**Note 10 – 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, 2016.

**B. Liabilities**

The Board assumed the obligations from the Ohio Department of Mental Health on properties purchased from Eastway Corporation in November 2003 and from Shelby County Counseling Center in August 2016. 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 maturities of the remaining obligation from these transactions are 9/1/2041 and 8/18/50 respectively.

**Tri-County Board of Recovery and Mental Health Services**  
Miami County

Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016

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 11/1/2043 and 6/1/2044 respectively.

**Note 11 – 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 Balances</b>	<b>Total</b>
<b>Restricted for:</b>	
Supplies	\$ 15,793
Contracts – Services	\$588,588
Total Restricted	<u>604,381</u>
 <b>Committed to:</b>	
Contracts – Services	76,697
Other	5,000
Campaign Levy	10,000
Capital Reserve	<u>2,150,303</u>
Total Committed	<u>2,242,000</u>
 <b>Assigned to:</b>	
Supplies	154
Materials	505
Contracts – Repair	500
Contracts – Services	4,030
Advertising and Printing	102
Travel	1,974
Other	<u>3,589</u>
Total Assigned	<u>10,854</u>
<b>Unassigned (deficits):</b>	<u>3,649,204</u>
<b>Total Fund Balances:</b>	<u>\$6,506,439</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Disbursements</b>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
Direct Receipt				
Shelter Plus Care/Supportive Housing Program	N/A	14.238	\$ 35,588	\$ 35,588
Total United States Department of Housing and Urban Development			<u>35,588</u>	<u>35,588</u>
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed Through Ohio Department of Mental Health and Addiction Services				
Social Services Block Grant	N/A	93.667	111,174	124,822
Block Grants for Community Mental Health Services:				
Special Project - Forensic	N/A	93.958	-	2,200
Special Project - Children and Adolescent	N/A	93.958	21,075	21,075
Special Project - Crisis Center	N/A	93.958	<u>107,619</u>	<u>107,619</u>
Total Block Grants for Community Mental Health Services			<u>128,694</u>	<u>130,894</u>
Block Grants for Prevention and Treatment of Substance Abuse				
Youth Led Prevention	N/A	93.959	908	2,538
Women's Block Grant	55-1636-WOMEN-T-16-1137	93.959	97,620	97,620
Alcohol, Drug, & Mental Health Block Grant	N/A	93.959	<u>443,821</u>	<u>722,818</u>
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>542,349</u>	<u>822,976</u>
Total United States Department of Health and Human Services			<u>782,217</u>	<u>1,078,692</u>
Total Federal Awards Expenditures			<u>\$ 817,805</u>	<u>\$ 1,114,280</u>

*See accompanying Notes to the Schedule of Expenditures of Federal Awards*

**TRI COUNTY BOARD OF RECOVERY & MENTAL HEALTH SERVICES  
MIAMI COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

The Board did not use the de minimus rate of 10 percent for indirect costs charged to the federal grant.

**NOTE B – SUBRECIPIENTS**

The Board passes certain federal awards received from Ohio Department of Mental Health and 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.

# JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Member American Institute of Certified Public Accountants (216) 475 - 6136

Ohio Society of Certified Public Accountants

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To Members of the Board  
Tri-County Board of Recovery  
and Mental Health Services  
Troy, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States, the financial statements of the governmental activities and the General Fund of the Tri-County Board of Recovery and Mental Health Services, Miami County, Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Tri-County Board of Recovery and Mental Health Services, Ohio's basic financial statements, and have issued our report thereon dated April 17, 2017, wherein we noted that the Tri-County Board of Recovery and Mental Health Services, Ohio, uses a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

In planning and performing our audit of the financial statements, we considered the Tri-County Board of Recovery and Mental Health Services, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tri-County Board of Recovery and Mental Health Services, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tri-County Board of Recovery and Mental Health Services, Ohio's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tri-County Board of Recovery and Mental Health Services, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tri-County Board of Recovery and Mental Health Services, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tri-County Board of Recovery and Mental Health Services, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka,  
CPA, President

Digitally signed by James G. Zupka,  
CPA, President  
DN: cn=James G. Zupka, CPA, President,  
o=James G. Zupka, CPA, Inc.,  
ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2017.05.17 14:25:59 -0400

James G. Zupka, CPA, Inc.  
Certified Public Accountants

April 17, 2017



**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE**

To the Members of the Board  
Tri-County Board of Recovery  
and Mental Health Services  
Troy, Ohio

The Honorable Dave Yost  
Auditor of State  
State of Ohio

***Report on Compliance for Each Major Federal Program***

We have audited the Tri-County Board of Recovery and Mental Health Services, Miami County, Ohio's (the Board) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Tri-County Board of Recovery and Mental Health Services, Ohio's major federal program for the year ended December 31, 2016. The Tri-County Board of Recovery and Mental Health Services, Ohio's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Tri-County Board of Recovery and Mental Health Services, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Tri-County Board of Recovery and Mental Health Services, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Tri-County Board of Recovery and Mental Health Services, Ohio's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Tri-County Board of Recovery and Mental Health Services, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

### ***Report on Internal Control over Compliance***

Management of the Tri-County Board of Recovery and Mental Health Services, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Tri-County Board of Recovery and Mental Health Services, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Tri-County Board of Recovery and Mental Health Services, Ohio'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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

James G. Zupka, Digitally signed by James G. Zupka, CPA, President  
DN: cn=James G. Zupka, CPA, President, o=James  
G. Zupka, CPA, Inc., ou=Accounting,  
email=jgzcpa@sbcglobal.net, c=US  
Date: 2017.05.17 14:26:34 -0400  
CPA, President

James G. Zupka, CPA, Inc.  
Certified Public Accountants

April 17, 2017

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2016**

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

2016(i) Type of Financial Statement Opinion	Unmodified
2016(ii) Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2016(ii) Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2016(iii) Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2016(iv) Were there any material internal control weaknesses reported for major federal programs?	No
2016(iv) Were there any significant deficiencies in internal control reported for major federal programs?	No
2016(v) Type of Major Programs' Compliance Opinion	Unmodified
2016(vi) Are there any reportable findings under 2 CFR 200.516(a)?	No
2016(vii) Major Programs (list):	
Block Grants for Prevention and Treatment of Substance Abuse - CFDA #93.959	
2016(viii) Dollar Threshold: Type A\B Programs	Type A: \$750,000 or more Type B: All Others
2016(ix) Low Risk Auditee?	No

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

None.

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

None.

**TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICES  
MIAMI COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

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The prior audit report, as of December 31, 2015, included no citations, instances of noncompliance or management letter recommendations.



# 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  
JUNE 20, 2017**