



OHIO AUDITOR OF STATE
KEITH FABER



**THREE C RECOVERY AND HEALTH CARE NETWORK COUNCIL OF GOVERNMENTS
HAMILTON COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Three C Recovery and Health Care Network Council of Governments
Hamilton County
2350 Auburn Avenue
Cincinnati, Ohio 45219

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements as of and for the years ended December 31, 2021 and 2020, and related notes of the Three C Recovery and Health Care Network Council of Governments, Hamilton County, Ohio (the Council).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes the designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Council does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council, as of December 31, 2021 and 2020, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements as of and for the years ended December 31, 2021 and 2020, and related notes of the Council, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 5 to the financial statements for 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. We did not modify our opinion regarding this matter.

As discussed in Note 5 to the financial statements for 2021, the Council closed on December 31, 2021. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2022, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio
February 7, 2022

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Three C Recovery & Health Care Network Council of Governments
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General
Cash Receipts	
Member Contributions	\$0
Earnings on Investments	79
Other	92,843
	92,922
<i>Total Cash Receipts</i>	<i>92,922</i>
Cash Disbursements	
Current:	
Purchased Services	3,690
Other	275,025
	278,715
<i>Total Cash Disbursements</i>	<i>278,715</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(185,793)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(185,793)</i>
<i>Fund Cash Balances, January 1</i>	<i>185,793</i>
<i>Fund Cash Balances, December 31</i>	<i>\$0</i>

See accompanying notes to the basic financial statements

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**THREE C RECOVERY AND HEALTH CARE NETWORK COUNCIL OF
GOVERNMENTS**

Hamilton County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Three C Recovery and Health Care Network Council of Governments, Hamilton County, Ohio (the Council) as a body corporate and politic under chapter 167 of the Ohio Revised Code. The Council commenced operations on August 1, 2012. The Council is governed by a 4 member board consisting of the Chief Executive Officers or President of the member County Boards of Alcohol, Drug and Mental Health Services and one member each from the staff of the two Boards. The participating subdivisions are: Franklin and Hamilton counties.

The Council provides for funding the creation, review and implementation of the Shared Healthcare and Recovery Enterprise System (SHARES) project. The participating counties are each responsible for one-third of its costs. These funds are deposited in the Council's depository account and are eligible to accrue interest. The Council pays for member county obligations and other related services related to the SHARES project.

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

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

B. Deposits and Investments

The Council deposits all funds in an interest bearing checking account at a local financial institution.

C. Fund Accounting

The Council classifies its transactions in the General Fund, which reports all financial resources except those required to be accounted for in another fund.

**THREE C RECOVERY AND HEALTH CARE NETWORK COUNCIL OF
GOVERNMENTS**

Hamilton County

Notes to the Financial Statements

For the Year Ended December 31, 2021

D. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Council has no nonspendable fund balances.

Restricted Fund balance is *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. The Council has no restricted fund balances.

Committed Governing Board can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Governing Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The Council has no committed fund balances.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end. The Council has no assigned fund balances.

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

The Council 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.

E. Budgetary Process

The Council is not subject to the budgetary requirements of Chapter 5705 of the Ohio Revised Code.

F. Property, Plant, and Equipment

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**THREE C RECOVERY AND HEALTH CARE NETWORK COUNCIL OF
GOVERNMENTS**

Hamilton County

Notes to the Financial Statements

For the Year Ended December 31, 2021

Note 3 – Equity in Pooled Deposits

The Council maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 were as follows:

	<u>2021</u>
Demand deposits	\$0

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Risk Management

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

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

Note 5 – Ceased Operations

On April 29, 2020 the Council was informed that Hamilton County and Franklin County would cease using the Council as their third party administrator as of September 30, 2020 when the current agreement expired.

On September 14, 2021, the Board moved that the Council would cease operation and dissolve as of December 31, 2021. The bank account was closed on November 16, 2021 and the Council held no outstanding liabilities or commitments as of December 31, 2021.

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Three C Recovery & Health Care Network Council of Governments
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General
Cash Receipts	
Member Contributions	\$601,074
Earnings on Investments	4,096
	605,170
<i>Total Cash Receipts</i>	<i>605,170</i>
Cash Disbursements	
Current:	
Purchased Services	1,042,883
Other	3,671
	1,046,554
<i>Total Cash Disbursements</i>	<i>1,046,554</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(441,384)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(441,384)</i>
<i>Fund Cash Balances, January 1</i>	<i>627,177</i>
<i>Fund Cash Balances, December 31</i>	<i>\$185,793</i>

See accompanying notes to the basic financial statements

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**THREE C RECOVERY AND HEALTH CARE NETWORK COUNCIL OF
GOVERNMENTS**

Hamilton County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Three C Recovery and Health Care Network Council of Governments, Hamilton County, Ohio (the Council) as a body corporate and politic under chapter 167 of the Ohio Revised Code. The Council commenced operations on August 1, 2012. The Council is governed by a 4 member board consisting of the Chief Executive Officers or President of the member County Boards of Alcohol, Drug and Mental Health Services and one member each from the staff of the two Boards. The participating subdivisions are: Franklin and Hamilton counties.

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

Note 2 – Summary of Significant Accounting Policies

A. Basis of Presentation

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

B. Deposits and Investments

The Council deposits all funds in an interest bearing checking account at a local financial institution.

C. Fund Accounting

The Council classifies its transactions in the General Fund, which reports all financial resources except those required to be accounted for in another fund.

**THREE C RECOVERY AND HEALTH CARE NETWORK COUNCIL OF
GOVERNMENTS**

Hamilton County

Notes to the Financial Statements

For the Year Ended December 31, 2020

D. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Council has no nonspendable fund balances.

Restricted Fund balance is *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. The Council has no restricted fund balances.

Committed Governing Board can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Governing Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The Council has no committed fund balances.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end. The Council has no assigned fund balances.

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

The Council 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.

E. Budgetary Process

The Council is not subject to the budgetary requirements of Chapter 5705 of the Ohio Revised Code.

F. Property, Plant, and Equipment

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**THREE C RECOVERY AND HEALTH CARE NETWORK COUNCIL OF
GOVERNMENTS**

Hamilton County

*Notes to the Financial Statements
For the Year Ended December 31, 2020*

Note 3 – Equity in Pooled Deposits

The Council maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 were as follows:

	<u>2020</u>
Demand deposits	\$185,793

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Note 4 – Risk Management

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

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

Note 5 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council.

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OHIO AUDITOR OF STATE KEITH FABER



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

Three C Recovery and Health Care Network Council of Governments
Hamilton County
2350 Auburn Avenue
Cincinnati, Ohio 45219

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements as of and for the years ended December 31, 2021 and 2020, and the related notes of the Three C Recovery and Health Care Network Council of Governments, Hamilton County, (the Council) and have issued our report thereon dated February 7, 2022, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Council and the Council closed on December 31, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Council'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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
February 7, 2022

OHIO AUDITOR OF STATE KEITH FABER



THREE C RECOVERY AND HEALTH CARE NETWORK COUNCIL OF GOVERNMENTS

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/17/2022

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