



Dave Yost • Auditor of State

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

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities and general fund of Tri-County Board of Recovery and Mental Health Services, Miami County, Ohio (the Board), as of and for the year ended December 31, 2011, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and the general fund of Tri-County Board of Recovery and Mental Health Services, Miami County, Ohio, as of December 31, 2011, and the respective changes in the cash financial position, thereof and the budgetary comparison for the general fund for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 4, during 2011 the Tri-County Board of Recovery and Mental Health Services adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2012, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Board's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. The federal awards expenditure schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

July 2, 2012

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED**

This discussion and analysis of Tri-County Board of Recovery and Mental Health Services', Miami County, (the Board) financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2011, 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 2011 are as follows:

- Net assets decreased \$244,058.
- General receipts accounted for \$4,380,810 in receipts or 41.9 percent of all receipts. Program specific receipts in the form of operating grants and contributions accounted for \$6,084,582 or 58.1 percent of total receipts of \$10,465,392.
- The Board had \$10,709,450 in disbursements related to governmental activities; only \$6,084,582 of these disbursements were offset by program specific operating grants and contributions. General receipts of \$4,380,810 were adequate to provide for these programs.
- The Board's major fund had \$10,465,392 in receipts and \$10,709,450 in disbursements. The cash fund balance decreased \$244,058.

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

Reporting the Board as a Whole

Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis

While this document contains information used by the Board to provide programs and services for its service area, the view of the Board as a whole looks at all financial transactions and asks the question, "How did we do financially during calendar year 2011?" The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer this question. The two statements report the Board's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

Reporting the Board's Fund Financial Statements

Fund Financial Statements

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

The Board as a Whole

The Statement of Net Assets – Cash Basis provides the perspective of the Board as a whole and Table 1 provides a summary of the Board's net assets for 2011 compared to 2010.

**Table 1
Net Assets - Cash Basis**

	Governmental Activities	
	2011	2010
Cash Basis Assets:		
Cash Equivalents	\$ 4,107,681	\$4,351,738
Net Assets:		
Unrestricted	4,107,681	4,351,738
Total Net Assets	\$4,107,681	\$4,351,738

As shown in table 1, the Board's total assets decreased by \$244,058 from Fiscal Year 2010 to Fiscal Year 2011. The decrease in net assets at the end of the year is mostly due to timing of a large quarterly payment of federal funds expected in December but received in early January as well as to timing delays in Medicaid funding.

Table 2 shows a comparative analysis of the changes in net assets for the year ended 2011 compared to 2010.

**Table 2
Changes in Net Assets**

	Governmental Activities	
	2011	2010
Receipts:		
Program Cash Receipts:		
Operating Grants and Contributions	\$6,084,582	\$4,506,601
Total Program Cash Receipts	6,084,582	4,506,601
General Receipts:		
Property Taxes	1,898,007	1,899,082
Shared Revenues	2,429,950	3,492,201
Other Receipts	52,853	45,565
Total General Receipts	4,380,810	5,436,848
Total Receipts	10,465,392	9,943,449

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

**Table 2
Changes in Net Assets
(Continued)**

	Governmental Activities	
	2011	2010
Disbursements:		
Mental Health and Recovery Operations	10,709,450	9,971,720
Total Disbursements	<u>10,709,450</u>	<u>9,971,720</u>
Change in Net Assets	<u>(\$ 244,058)</u>	<u>(\$ 28,271)</u>

In 2011, 41.9 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 54.7 percent in 2010. Program cash receipts accounted for 58.1 percent of the Board's total receipts in year 2011 compared to 45.3 percent in 2010. Medicaid and its matching funds, federal operating grants, and state funds awarded for specific programs or purposes primarily make up these receipts.

The Statement of Activities – Cash Basis shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. This "net cost" amount represents the cost of those services supported by property tax receipts and unrestricted state allocations and awards. Comparisons to 2010 have been made.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Mental Health and Recovery				
Operations:				
Current:				
Salaries	\$ 620,859	\$ 613,976	\$ 620,859	\$ 613,976
Supplies	21,154	6,802	21,154	6,802
Materials	1,076	645	1,076	645
Equipment	4,238	4,512	4,238	4,512
Contracts - Repair	2,778	2,215	2,778	2,215
Contracts - Services	9,585,713	8,962,336	3,501,131	4,455,736
Rentals	94,896	72,886	94,896	72,886
Advertising and Printing	2,768	2,554	2,768	2,554
Travel	649	398	649	398
Public Employee's Retirement	85,471	82,299	85,471	82,299
Insurance & Medicare	126,863	137,110	126,863	137,110
Other	162,985	85,987	162,985	85,987
Total Disbursements	<u>\$10,709,450</u>	<u>\$9,971,720</u>	<u>\$4,624,868</u>	<u>\$5,465,120</u>

The dependence upon state allocations and awards for government activities is apparent as 43.2 percent of mental health and recovery costs are supported through unrestricted state allocations and awards and other general receipts in 2011 compared to 54.8 percent in 2010.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
UNAUDITED
(Continued)**

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 \$10,465,392 and disbursements of \$10,709,450. The financial statements had a decrease in the cash balance of \$244,058.

Budgeting Highlights

The Board's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

Economic Factors

The Board contracts with 12 contract agencies to deliver mental health and substance abuse services to the residents of Miami, Darke and Shelby Counties. The economic environment has been and will continue to be extremely difficult due to ongoing significant State funding reductions. The Board, along with its provider agencies, has worked to reduce costs while trying to maintain the level of service previously provided and maintaining a balanced Fiscal Year 2012 budget. In this effort, the Board must continue to closely monitor the current revenues and expenditures to help preserve the Mental Health and Alcohol and Drug Addiction services at the level the citizens of Miami, Darke and Shelby Counties have received in the past.

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

The State plans to elevate the processing of Medicaid claims for all behavioral health services to the State level in the coming year. The full impact of this change on the service delivery system in conjunction with the ongoing financial struggles of the system cannot be determined at this time.

Contacting the Board's Financial Management

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

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

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2011**

	Governmental Activities
Assets:	
Cash Equivalents	\$4,107,681
Total Assets	<u>4,107,681</u>
Net Assets:	
Unrestricted Assets	4,107,681
Total Net Assets	<u><u>\$4,107,681</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Operating Grants and Contributions	Governmental Activities
Mental Health and Recovery Operations:			
Salaries	\$620,859		(\$620,859)
Supplies	21,154		(21,154)
Materials	1,076		(1,076)
Equipment	4,238		(4,238)
Contracts - Repairs	2,778		(2,778)
Contracts - Services	9,585,713	\$6,084,582	(3,501,131)
Rentals	94,896		(94,896)
Advertising and Printing	2,768		(2,768)
Travel and Expenses	649		(649)
Public Employee's Retirement	85,471		(85,471)
Insurance & Medicare	126,863		(126,863)
Other Expenses	162,985		(162,985)
Total Governmental Activities	\$10,709,450	\$6,084,582	(4,624,868)
General Receipts:			
Property Taxes			1,898,007
Shared Revenues			2,429,950
Other Receipts			52,853
Total General Receipts			4,380,810
Change in Net Assets			(244,058)
Net Assets Beginning of Year			4,351,739
Net Assets End of Year			\$4,107,681

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH BASIS ASSETS AND CASH BASIS FUND BALANCE -
GENERAL FUND - DECEMBER 31, 2011**

Cash Basis Assets:

Cash Equivalents	\$4,107,681
Total Cash Basis Assets	<u>4,107,681</u>

Cash Basis Fund Balance:

Restricted	841,205
Committed	130,303
Assigned	28,378
Unassigned (Deficit)	<u>3,107,795</u>
Total Cash Basis Fund Balance	<u>\$4,107,681</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BASIS FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

Cash Receipts:

Taxes	\$1,898,007
Intergovernmental	7,962,289
ARRA Enhanced FMAP	195,823
Rental/Lease Income	33,469
Contract Services	322,951
Total Cash Receipts	10,412,539

Cash Disbursements:

Current:

Salaries	620,859
Supplies	21,154
Materials	1,076
Equipment	4,238
Contracts - Repair	2,778
Contracts - Services	9,585,713
Rentals	94,896
Advertising and Printing	2,768
Travel	649
Public Employee's Retirement	85,471
Insurance & Medicare	126,863
Other	162,985
Total Disbursements	10,709,450

Total Receipts Over/(Under) Disbursements	(296,911)
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Other Financing Receipts/(Disbursements):

Refunds	395
Reimbursements	52,458
Total Other Financing Receipts/(Disbursements)	52,853

Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(244,058)
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Cash Basis Fund Balances, January 1	4,351,739
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Cash Basis Fund Balances, December 31	\$4,107,681
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See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN CASH BASIS FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Taxes	\$1,894,704	\$1,894,704	\$1,898,007	\$3,303
Intergovernmental	6,613,883	6,613,883	7,962,289	1,348,406
ARRA Enhanced FMAP	175,000	175,000	195,823	20,823
Rental/Lease Income	8,100	8,100	33,469	25,369
Contract Services	286,000	286,000	322,951	36,951
Total Cash Receipts	<u>8,977,687</u>	<u>8,977,687</u>	<u>10,412,539</u>	<u>1,434,852</u>
Disbursements:				
Current:				
Salaries	640,802	640,802	620,859	19,943
Supplies	74,178	74,278	25,030	49,248
Materials	3,436	3,436	1,079	2,357
Equipment	20,928	20,928	4,627	16,301
Contracts - Repair	6,260	6,310	3,900	2,410
Contracts - Services	11,369,579	11,274,529	10,343,985	930,544
Rentals	75,500	110,350	108,643	1,707
Advertising and Printing	6,015	6,015	2,768	3,247
Travel	5,250	5,250	869	4,381
Public Employee's Retirement	88,729	88,729	85,471	3,258
Insurance & Medicare	157,489	157,489	126,863	30,626
Other Expenses	144,360	204,360	163,664	40,696
Total Cash Disbursements	<u>12,592,526</u>	<u>12,592,476</u>	<u>11,487,758</u>	<u>1,104,718</u>
Excess of Cash Receipts Over/(Under) Disbursements	<u>(3,614,839)</u>	<u>(3,614,789)</u>	<u>(1,075,219)</u>	<u>2,539,570</u>
Other Financing Receipts/(Disbursements):				
Refunds	500	500	395	(105)
Reimbursements	12,600	12,600	52,458	39,858
Total Other Financing Receipts/(Disbursements)	<u>13,100</u>	<u>13,100</u>	<u>52,853</u>	<u>39,753</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(3,601,739)</u>	<u>(3,601,689)</u>	<u>(1,022,366)</u>	<u>2,579,323</u>
Cash Basis Fund Balances, January 1	3,836,831	3,836,831	3,836,831	
Prior Year Encumbrances Appropriated	<u>514,908</u>	<u>514,908</u>	<u>514,908</u>	
Cash Basis Fund Balances, December 31	<u>\$750,000</u>	<u>\$750,050</u>	<u>\$3,329,373</u>	<u>\$2,579,323</u>

See accompanying notes to the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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

Reporting Entity

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes are presented on a cash basis of accounting. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

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

A. Fund Accounting

The Board uses fund accounting to segregate cash and investments that are restricted as to use. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The Board classifies its 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 Assets 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, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Government-wide Financial Statements:

The statement of Net Assets 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.

2. Fund Financial Statements:

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

C. Basis of Accounting

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

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

D. Cash, Cash Equivalents and Investments

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

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

E. 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, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Board's basis of accounting.

H. Employer Contributions to Cost-Sharing Pension Plans

The Board recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Net Assets

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

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

There are no amounts restricted by enabling legislation.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fund Balance

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

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

3. PROPERTY TAXES

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

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

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

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

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

4. CHANGE IN ACCOUNTING PRINCIPLES

For calendar year 2011, the Board has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as non-spendable, restricted, committed, assigned, and/or unassigned. The implementation of this Statement did not require any restatement.

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 2011 were \$778,308.

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 \$4,107,681.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

7. RISK MANAGEMENT

A. Commercial Insurance

The Board has obtained commercial insurance for the following risks:

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

B. Self Insurance

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

8. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – For the year ended December 31, 2011, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The employer contribution rate for pension benefits for 2011 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Board's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$85,471, \$82,299, and \$91,887 respectively; the full amount has been contributed for years 2011, 2010, and 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

9. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

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.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14 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 Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected

The Board's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2011, 2010, and 2009 were \$24,419, \$29,868, and \$38,393 respectively; 100 percent has been contributed for 2011, 2010 and 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

9. POSTEMPLOYMENT BENEFITS (Continued)

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

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, 2011.

B. Liabilities

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

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

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:

Fund Balances	Total
Restricted for	
Rent/Lease Real Estate	\$ 13,747
Attorney Services	2,674
Professional Consulting	15,925
Contract	717,584
Board Carryover Funds	91,275
Total Restricted	841,205

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

11. FUND BALANCES (Continued)

<u>Fund Balances</u>	<u>Total</u>
Committed to:	
Campaign Levy	30,000
Capital Reserve	100,303
Total Committed	<u>130,303</u>
Assigned to:	
Supplies	3,703
Equipment	390
Advertising and Printing	155
Travel & Expenses	744
Contracts - Services	19,031
Contracts - Repairs	1,122
Other Purposes	3,233
Total Assigned	<u>28,378</u>
Unassigned (deficits):	<u>3,107,795</u>
Total Fund Balances	<u><u>\$4,107,681</u></u>

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (Direct Receipt)			
Shelter Plus Care	N/A	14.238	\$36,208
UNITED STATES DEPARTMENT OF JUSTICE, BUREAU OF JUSTICE ASSISTANCE (Passed Through Ohio Department of Public Safety)			
Residential Substance Abuse Treatment for State Prisoners	N/A	16.593	25,471
UNITED STATES DEPARTMENT OF EDUCATION (Passed Through Ohio Department of Alcohol and Drug Addiction Services)			
Rehabilitation Services_Vocational Rehabilitation	55-0055-VOCRHB-T-11-11130	84.126	64,489
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (Passed Through Ohio Department of Mental Health Services)			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	N/A	93.596	28,335
Social Services Block Grant	N/A	93.667	115,980
Children's Health Insurance Program	N/A	93.767	109,225
(Passed Through Ohio Department of Alcohol and Drug Addiction Services)			
Children's Health Insurance Program	N/A	93.767	24,512
Total State Children's Insurance Program			<u>133,737</u>
(Passed Through Ohio Department of Mental Health Services)			
Block Grants for Community Mental Health Services:			
Special Project - Children and Adolescent	N/A	93.958	42,012
Special Project - Crisis Center	N/A	93.958	53,358
Total Block Grants for Community Mental Health Services			<u>95,370</u>
(Passed Through Ohio Department of Alcohol and Drug Addiction Services)			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	N/A	93.243	53,452
Block Grants for Prevention and Treatment of Substance Abuse:			
Youth Led Prevention		93.959	4,255
Women's Block Grant	55-1636-WOMEN-T-11-137	93.959	87,585
Alcohol, Drug, & Mental Health Block Grant	N/A	93.959	590,660
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>682,500</u>
Medical Assistance Program	N/A	93.778	299,692
ARRA-Medical Assistance Program	N/A	93.778	20,610
(Passed Through Ohio Department of Mental Health Services)			
Medical Assistance Program	N/A	93.778	1,441,482
ARRA-Medical Assistance Program	N/A	93.778	102,027
Total Medical Assistance Program			<u>1,863,811</u>
Total United States Department of Health and Human Services			<u>2,973,185</u>
Total Federal Awards Expenditures			<u><u>\$3,099,353</u></u>

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

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUBRECIPIENTS

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

The sub-recipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Board is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provision of contracts or grant agreements, and that performance goals are achieved.

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require that the Board contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has complied with the matching requirements. The expenditures of non-Federal matching funds are not included on the Schedule.

NOTE D – MEDICAID REQUIREMENTS

For Medicaid claims with service dates after July 1, 2011 Boards are considered vendors rather than subrecipients. Expenditures for these claims are no longer included on the Schedule of Federal Awards Expenditures.



Dave Yost • Auditor of State

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

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

To Members of the Board:

We have audited the financial statements of the governmental activities and general fund of Tri-County Board of Recovery and Mental Health Services, Miami County, (the Board) as of and for the year ended December 31, 2011 which collectively comprise the Board's basic financial statements and have issued our report thereon dated July 2, 2012, wherein we noted the Board uses a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We did note a certain matter not requiring inclusion in this report that we reported to the Board's management in a separate letter dated July 2, 2012.

We intend this report solely for the information and use of management, the audit committee, members of the Board, and federal awarding agencies and pass-through entities, and others within the Board. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

July 2, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To Members of the Board:

Compliance

We have audited the compliance of Tri-County Board of Recovery and Mental Health Services (the Board) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could directly and materially affect the Tri-County Board of Recovery and Mental Health Services' major federal program for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Board's major federal programs. The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Board's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Board's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with these requirements.

In our opinion, the Tri-County Board of Recovery and Mental Health Services complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, management, members of the Board, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

July 2, 2012

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

TRI-COUNTY BOARD OF RECOVERY AND MENTAL HEALTH SERVICE

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 09, 2012**