

***MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF ALLEN, AUGLAIZE AND HARDIN COUNTIES***

ALLEN COUNTY, OHIO

Audit Report

Year Ended December 31, 2012





Dave Yost • Auditor of State

Members of the Board
Mental Health and Recovery Services Board
of Allen, Auglaize and Hardin Counties
529 South Elizabeth Street
Lima, Ohio 45804

We have reviewed the *Report of Independent Accountants* of the Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties, Allen County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 12, 2013

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**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Mental Health and Recovery Services Board
of Allen, Auglaize and Hardin Counties
Allen County
529 South Elizabeth St.
Lima, OH 45805

To the Members of the Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties, Allen County, (the Board), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties, Allen County, as of December 31, 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Mental Health Systems, 501 Medicaid Match, Medicaid Mental Health and ODMH Miscellaneous State funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 21, 2013

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

As management of the Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties (the Board), we are providing this overview of the Board's financial activities for the year ended December 31, 2012. Please read this overview in conjunction with the Board's basic financial statements, which follow.

The Board is included within the Allen County Annual Financial Report as an agency fund. The Board uses its general fund to report its financial position and results of operations. We believe these financial statements present all activities for which the Board is financially responsible.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2012 are as follows:

- Net position increased \$135,618. This was due in part to one-time grant funding received late in the year and unusually low billing from a major provider when compared to the prior year in the other governmental funds.
- General receipts accounted for \$1,923,034 in receipts or 20 percent of all receipts. Program specific receipts in the form of charges for services, grants and contributions accounted for \$7,486,378 or 80 percent of total receipts of \$9,409,412.
- The Board had \$9,273,794 in disbursements related to governmental activities; only \$7,486,378 of these disbursements were offset by program specific grants and contributions. General receipts of \$1,923,034 were adequate to provide for these programs.
- The Board advanced \$2,092,985 from the General Fund to various Special Revenue Funds to cover deficits. Advances of \$1,026,046 made from the General Fund in 2011 were paid back to the general fund for total net advances in 2012 of \$1,066,939.
- As of the close of 2012, The Board's governmental funds reported combined ending fund balances of \$5,006,261.
- At the close of the 2012, unassigned fund balance was \$1,326,918.
- As of the close of 2012, the Board had cumulated deposit amounts totaling \$5,006,261.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Board's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand The Board as a financial whole or as 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

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Board has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Board's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE BOARD AS A WHOLE

The statement of net position and the statement of activities reflect how the Board did financially during 2012, within the limitations of the cash basis of accounting. The Statement of Net Position – Cash Basis presents the cash balances of the governmental activities of the Board at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Board's general receipts.

These statements report the Board's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Board's financial health. Over time, increases or decreases in the Board's cash position is one indicator of whether the Board's financial health is improving or deteriorating. When evaluating the Board's financial condition, you should also consider other nonfinancial factors as well such as the Board's property tax base, the condition of the Board's capital assets, the reliance on non-local financial resources for operations and the need for continued growth.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the Board's major programs are reported. Charges for services and state and federal grants finance most of these activities. To a significant extent, benefits provided through the governmental activities are being paid for by the people receiving them.

REPORTING THE HEALTH BOARD'S MOST SIGNIFICANT FUNDS

Fund Financial Statements - Fund financial statements provide detailed information about the Board's major funds – not the Board as a whole. The Board establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Board are governmental.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

Governmental Funds - The Board's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Board's governmental operations and the services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Board's service programs.

The Board's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Board's major governmental funds are the General Fund, Mental Health Systems Fund, 501 Medicaid Match Fund, Medicaid Mental Health Fund and ODMH Miscellaneous State Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Board maintains 34 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for all four major funds. The basic governmental fund financial statements can be found starting on page 11 of this report.

Notes To The Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 18 of this report.

THE BOARD AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the Board as a whole. Table 1, below, provides a summary of the Board's net position for 2012 compared to 2011.

**Table 1
Net Position – Cash Basis**

	Governmental Activities	
	2011	2012
Assets		
Equity in Pooled Cash and Cash Equivalents	\$4,870,643	\$5,006,261
Net Position		
Restricted for:		
Other Purposes	\$ 732,653	\$2,232,239
Capital Outlay	247,167	234,455
Unrestricted	3,890,823	2,539,567
Total Net Position	\$4,870,643	\$5,006,261

Total net position increased \$135,617.

Table 2 shows the changes in net position for the year ended December 31, 2012. The Board has prepared financial statements following the format prescribed by GASB Statement 34, receipts and disbursement comparison to year 2011 is presented.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

**Table 2
Changes in Net Position**

	Governmental Activities	
	2011	2012
Receipts		
Program Cash Receipts		
Operating Grants and Contributions	\$7,592,242	\$7,452,742
Charges for Services	56,272	33,636
Total Program Cash Receipts	7,648,514	7,486,378
General Receipts		
Property Taxes	1,456,241	1,431,975
Intergovernmental	172,973	171,778
Contributions	0	665
Rent	167,526	180,644
Other Receipts	116,020	137,972
Total General Receipts	1,912,760	1,923,034
Total Receipts	9,561,274	9,409,412
Disbursements		
Environmental Health		
General Government	2,170,619	1,815,275
Health Services	7,143,468	7,326,785
Employee Benefits	137,744	131,734
Total Disbursements	9,451,831	9,273,794
Change in Net Position	109,443	135,618
Net Position Beginning of Year	4,761,200	4,870,643
Net Position End of Year	\$4,870,643	\$5,006,261

In 2012, 20 percent of the Board's total receipts were from general receipts which consist mainly of property taxes and intergovernmental revenue. Program cash receipts accounted for 80 percent of the Board's total receipts in year 2012. In 2011, 19 percent of the Board's total receipts were from general receipts which consist mainly of property taxes and intergovernmental revenue. Program cash receipts accounted for 81 percent of the Board's total receipts in year 2011. Medicaid and its matching funds, federal operating grants, and state funds awarded for specific programs or purposes primarily make up these receipts.

Total Cost versus Net Cost of Services

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. The "net cost" amount represents the cost of those services supported by property tax receipts and intergovernmental revenues. Comparisons to 2011 have been presented.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
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ALLEN COUNTY**

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

Table 3

Functions/Program	2011 Total Cost of Services	2011 Net Cost of Services
Governmental Activities:		
Health Services	\$7,143,468	\$1,803,317
General Government	2,170,619	0
Employee Benefits	137,744	0
Total Governmental Activities	<u>\$ 9,451,831</u>	<u>\$1,803,317</u>

Functions/Program	2012 Total Cost of Services	2012 Net Cost of Services
Governmental Activities:		
Health Services	\$7,326,785	\$1,787,416
General Government	1,815,275	0
Employee Benefits	131,734	0
Total Governmental Activities	<u>\$9,273,794</u>	<u>\$1,787,416</u>

The Board's reliance upon intergovernmental revenues, property tax receipts, and other general revenues is apparent as 20 percent of governmental activities are supported through these general receipts for 2012.

THE BOARD'S FUNDS

As noted earlier, the Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of 2012, the Board's governmental funds reported combined ending fund balances of \$5,006,261, an increase of \$135,617.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2012:

	Fund Balance 12/31/2011	Fund Balance 12/31/2012	Increase (Decrease)
General	\$3,890,823	\$2,543,762	\$(1,347,061)
Men Hlth Systems	103,212	0	(103,212)
ODMH Misc State	0	621,568	621,568
501 Med Match	139,054	872,357	733,303
Other Gov	737,554	968,574	231,020
Total	<u>\$4,870,643</u>	<u>\$5,006,261</u>	<u>\$135,618</u>

The general fund is the chief operating fund of The Board. The remaining fund balances of the Special Revenue funds will be paid to provider and other governmental agencies once requests for reimbursement are submitted.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

GENERAL FUND BUDGETARY INFORMATION

The Board's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances.

During the course of 2012, The Board amended its general fund budget throughout the year. For the general fund, original budgeted receipts were \$1,778,382 and final budgeted receipts were \$1,492,089. Actual receipts for fiscal year 2012 were \$1,659,875. This represents a \$167,786 increase over final budgeted receipts.

General fund original appropriations (appropriated expenditures) were \$1,778,382 and final budgeted appropriations were \$2,100,257. The actual budget basis expenditures 2012 totaled \$1,939,997. This represents a \$160,260 increase over the final budget appropriations.

CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

Changes in the insurance market will accelerate the shift costs from the private to public market, which will increase demand for services, and change consumer expectations for types of services.

An increase in the proportion of consumers who are Medicaid eligible will continue to require payments for services that are not optional and may increase the number of contract agencies who are targeting Medicaid consumers. This would impact the availability of funding for non-Medicaid consumers.

Current tax reform legislation introduced by the Governor's Office and being considered by the General Assembly may negatively impact future levy collections. Specifically revenues received from the tangible personal property tax may be reduced materially impacting revenues.

The Board passed a replacement tax levy in May of 2005. Collections on this levy are estimated to increase by \$500,000 and have begun in February 2006.

The demand for services is expected to increase in terms of quality and complexity, while resources may decrease. In addition, expectations of new and emerging populations may increase the need for additional culturally competent services.

Discretionary revenues are expected to diminish over the next few years. The Board will be challenged to maintain current levels of service and programs, but will attempt to do so through the most efficient uses of financial resources possible.

The uncertainty surrounding the economy may have an impact on our community and the demand for services.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide an overview of Board's finances and it's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chris W. Karcz, CPA, Chief Operating Officer, Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties, 529 South Elizabeth St, Lima, OH 45804.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE, AND HARDIN COUNTIES
ALLEN COUNTY**

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

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 5,006,261</u>
Total Assets	<u><u>\$ 5,006,261</u></u>
Net Position	
Restricted for:	
Other Purposes	\$ 2,232,239
Capital Outlay	234,455
Unrestricted	<u>2,539,567</u>
Total Net Position	<u><u>\$ 5,006,261</u></u>

See accompanying notes to the basic financial statements

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE, AND HARDIN COUNTIES
ALLEN COUNTY**

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

<u>Functions/Programs</u>	<u>Expenditures</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue & Changes in Net Position</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Health Services:				
Contract - Services	\$ 7,326,785	\$ 33,636	\$ 5,505,733	\$ (1,787,416)
General Government:				
Salaries	326,132	-	326,132	-
Advertising and Printing	16,075	-	16,075	-
Professional Services	753,996	-	753,996	-
Supplies	7,981	-	7,981	-
Postage and Shipping	947	-	947	-
Communications	8,481	-	8,481	-
Dues	16,311	-	16,311	-
Rentals	10,321	-	10,321	-
Utilities	16,143	-	16,143	-
Maintenance	78,182	-	78,182	-
Insurance	23,153	-	23,153	-
Travel and Training	43,725	-	43,725	-
Buildings/Equipment	18,543	-	18,543	-
Other Exp.	487,167	-	487,167	-
Reimbursements	8,118	-	8,118	-
Employee Benefits:				
Public Employee's Retirement	45,172	-	45,172	-
Health Insurance	73,519	-	73,519	-
Life Insurance	2,192	-	2,192	-
Medicare	4,602	-	4,602	-
Workers' Comp.	6,249	-	6,249	-
Total Governmental Activities	\$ 9,273,794	\$ 33,636	\$ 7,452,742	(1,787,416)

General Revenues:

Taxes	1,431,975
Intergovernmental Revenue	171,778
Contributions	665
Rent Income	180,644
Other	137,972
Total General Revenues	1,923,034
Change in Net Position	135,618
Net Position - Beginning of Year	4,870,643
Net Position - End of Year	\$ 5,006,261

See accompanying notes to the basic financial statements

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE, AND HARDIN COUNTIES
ALLEN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	Governmental Fund Types						Total Governmental Funds
	General	Mental Health Systems	501 Medicaid Match	Medicaid Mental Health	ODMH Miscellaneous State	Other Governmental Funds	
ASSETS							
Equity in Pooled Cash and Cash Equivalents	\$ 2,543,762	\$ -	\$ 872,357	\$ -	\$ 621,568	\$ 968,574	\$ 5,006,261
Total Assets	<u>\$ 2,543,762</u>	<u>\$ -</u>	<u>\$ 872,357</u>	<u>\$ -</u>	<u>\$ 621,568</u>	<u>\$ 968,574</u>	<u>\$ 5,006,261</u>
FUND BALANCE							
Fund Balance:							
Restricted	\$ -	\$ -	\$ 872,357	\$ -	621,568	\$ 734,119	\$ 2,228,044
Committed	1,216,844	-	-	-	-	234,455	1,451,299
Unassigned	1,326,918	-	-	-	-	-	1,326,918
Total Fund Balances	<u>\$ 2,543,762</u>	<u>\$ -</u>	<u>\$ 872,357</u>	<u>\$ -</u>	<u>\$ 621,568</u>	<u>\$ 968,574</u>	<u>\$ 5,006,261</u>

See accompanying notes to the basic financial statements

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE, AND HARDIN COUNTIES
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types						Totals (Memorandum Only)
	General	Mental Health Systems	501 Medicaid Match	Medicaid Mental Health	ODMH Miscellaneous State	Other Governmental Funds	
RECEIPTS:							
Taxes	\$ 1,431,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,431,975
Grants	2,000	1,850,872	1,754,081	1,103,953	621,568	2,120,268	7,452,742
Intergovernmental Revenue	171,778	-	-	-	-	-	171,778
Charges for Services	33,636	-	-	-	-	-	33,636
Contributions	665	-	-	-	-	-	665
Rent	-	-	-	-	-	180,644	180,644
Other	19,821	-	3,879	-	-	114,272	137,972
Total Cash Receipts	1,659,875	1,850,872	1,757,960	1,103,953	621,568	2,415,184	9,409,412
DISBURSEMENTS:							
Current Operations:							
Health Services:							
Contract - Services	1,437,001	1,233,172	1,017,665	1,782,090	-	1,856,856	7,326,784
General Government:							
Salaries	-	326,132	-	-	-	-	326,132
Advertising and Printing	10,432	5,644	-	-	-	-	16,076
Professional Services	489,099	38,373	-	-	-	226,524	753,996
Supplies	-	7,961	-	-	-	20	7,981
Postage and Shipping	-	947	-	-	-	-	947
Communications	-	8,396	-	-	-	85	8,481
Dues	-	16,311	-	-	-	-	16,311
Rentals	-	10,321	-	-	-	-	10,321
Utilities	-	415	-	-	-	15,727	16,142
Maintenance	255	6,888	-	-	-	71,039	78,182
Insurance	-	23,153	-	-	-	-	23,153
Travel and Training	3,130	40,280	-	-	-	316	43,726
Buildings/Equipment	-	5,831	-	-	-	12,712	18,543
Other Exp.	80	485,328	-	-	-	1,759	487,167
Reimbursements	-	-	6,992	-	-	1,126	8,118
Employee Benefits:							
Public Employee's Retirement	-	45,172	-	-	-	-	45,172
Life Insurance	-	2,192	-	-	-	-	2,192
Health Insurance	-	73,519	-	-	-	-	73,519
Medicare	-	4,602	-	-	-	-	4,602
Workers' Comp.	-	6,249	-	-	-	-	6,249
Total Cash Disbursements	1,939,997	2,340,886	1,024,657	1,782,090	-	2,186,164	9,273,794
Total Receipts Over/(Under) Disbursements	(280,122)	(490,014)	733,303	(678,137)	621,568	229,020	135,618
Other Financing Receipts/(Disbursements):							
Advances In	1,026,046	386,802	-	737,202	-	968,981	3,119,031
Advances (Out)	(2,092,985)	-	-	(59,065)	-	(966,981)	(3,119,031)
Total Other Financing Receipts/(Disbursements)	(1,066,939)	386,802	-	678,137	-	2,000	-
Net Change in Fund Balance	(1,347,061)	(103,212)	733,303	-	621,568	231,020	135,618
Fund Cash Balances, January 1, 2012, Restated Note 10	3,890,823	103,212	139,054	-	-	737,554	4,870,643
Fund Cash Balances, December 31, 2012	\$ 2,543,762	\$ -	\$ 872,357	\$ -	\$ 621,568	\$ 968,574	\$ 5,006,261

See accompanying notes to the basic financial statements

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE, AND HARDIN COUNTIES**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts			
REVENUES:	Original Budget	Final Budget	Actual	Variance with Final Budget Over/(Under)
Taxes	\$ 1,456,241	\$ 1,267,246	\$ 1,431,975	\$ 164,729
Grants	-	-	2,000	2,000
Intergovernmental Revenue	172,973	171,665	171,778	113
Charges for Services	56,272	33,636	33,636	-
Contributions	50	-	665	665
Other	92,846	19,542	19,821	279
Total Cash Receipts	1,778,382	1,492,089	1,659,875	167,786
DISBURSEMENTS:				
Current Operations:				
Health Services:				
Contract - Services	1,614,752	1,404,833	1,437,001	(32,168)
General Government:				
Advertising and Printing	13,184	10,432	10,432	-
Professional Services	121,155	681,715	489,099	192,616
Supplies	1,212	-	-	-
Postage and Shipping	300	-	-	-
Communications	2,748	-	-	-
Dues	1,120	-	-	-
Rentals	2,550	-	-	-
Utilities	2,215	-	-	-
Maintenance	2,640	-	255	(255)
Travel and Training	13,615	3,130	3,130	-
Buildings/Equipment	1,727	-	-	-
Other Exp.	-	81	80	1
Reimbursements	-	66	-	66
Employee Benefits:				
Health Insurance	1,164	-	-	-
Total Cash Disbursements	1,778,382	2,100,257	1,939,997	160,260
Total Receipts Over/(Under) Disbursements	-	(608,168)	(280,122)	328,046
Other Financing Receipts/(Disbursements):				
Advances In	-	-	1,026,046	1,026,046
Advances (Out)	-	-	(2,092,985)	(2,092,985)
Total Other Financing Receipts/(Disbursements)	-	-	(1,066,939)	(1,066,939)
Net Change in Fund Balance	-	(608,168)	(1,347,061)	(738,893)
Fund Cash Balances, January 1, 2012, Restated Note 10	3,890,823	3,890,823	3,890,823	-
Fund Cash Balances, December 31, 2012	\$ 3,890,823	\$ 3,282,655	\$ 2,543,762	\$ (738,893)

See accompanying notes to the basic financial statements

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE, AND HARDIN COUNTIES**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
Mental Health Systems State Fund
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts			Variance with Final Budget Over/(Under)
	Original Budget	Final Budget	Actual	
REVENUES:				
Grants	\$ 1,829,160	\$ 1,850,872	\$ 1,850,872	\$ -
Other	35	1,060	-	(1,060)
Total Cash Receipts	<u>1,829,195</u>	<u>1,851,932</u>	<u>1,850,872</u>	<u>(1,060)</u>
DISBURSEMENTS:				
Current Operations:				
Health Services:				
Contract - Services	1,338,231	1,232,323	1,233,172	(849)
General Government:				
Salaries	270,799	301,692	326,132	(24,440)
Advertising and Printing	3,152	5,644	5,644	-
Professional Services	4,435	45,361	38,373	6,988
Supplies	3,617	7,937	7,961	(24)
Postage and Shipping	731	947	947	-
Communications	9,230	8,097	8,396	(299)
Dues	14,169	16,201	16,311	(110)
Rentals	6,824	10,006	10,321	(315)
Utilities	4,504	415	415	-
Maintenance	6,043	5,922	6,888	(966)
Insurance	5,379	23,153	23,153	-
Travel and Training	22,431	39,186	40,280	(1,094)
Buildings/Equipment	1,551	5,831	5,831	-
Other Exp.	2,815	485,328	485,328	-
Employee Benefits:				
Public Employee's Retirement	49,459	45,172	45,172	-
Life Insurance	1,619	2,192	2,192	-
Health Insurance	72,623	69,402	73,519	(4,117)
Medicare	4,769	4,258	4,602	(344)
Workers' Comp.	6,814	5,389	6,249	(860)
Total Cash Disbursements	<u>1,829,195</u>	<u>2,314,456</u>	<u>2,340,886</u>	<u>(26,430)</u>
Total Receipts Over/(Under) Disbursements	<u>-</u>	<u>(462,524)</u>	<u>(490,014)</u>	<u>(27,490)</u>
Other Financing Receipts/(Disbursements):				
Advances In	-	359,580	386,802	27,222
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>359,580</u>	<u>386,802</u>	<u>27,222</u>
Net Change in Fund Balance	-	(102,944)	(103,212)	(268)
Fund Cash Balances, January 1, 2012, Restated Note 10	<u>103,212</u>	<u>103,212</u>	<u>103,212</u>	<u>-</u>
Fund Cash Balances, December 31, 2012	<u>\$ 103,212</u>	<u>\$ 268</u>	<u>\$ -</u>	<u>\$ (268)</u>

See accompanying notes to the basic financial statements

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE, AND HARDIN COUNTIES**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
501 Medicaid Match
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts			Variance with Final Budget Over/(Under)
	Original Budget	Final Budget	Actual	
REVENUES:				
Grants	\$ 609,162	\$ 1,754,081	\$ 1,754,081	\$ -
Other	-	3,879	3,879	-
Total Cash Receipts	<u>609,162</u>	<u>1,757,960</u>	<u>1,757,960</u>	<u>-</u>
DISBURSEMENTS:				
Current Operations:				
Health Services:				
Contract - Services	609,162	1,014,388	1,017,665	(3,277)
General Government:				
Reimbursements	-	6,992	6,992	-
Total Cash Disbursements	<u>609,162</u>	<u>1,021,380</u>	<u>1,024,657</u>	<u>(3,277)</u>
Net Change in Fund Balance	<u>-</u>	<u>736,580</u>	<u>733,303</u>	<u>(3,277)</u>
Fund Cash Balances, January 1, 2012	<u>139,054</u>	<u>139,054</u>	<u>139,054</u>	<u>-</u>
Fund Cash Balances, December 31, 2012	<u><u>\$ 139,054</u></u>	<u><u>\$ 875,634</u></u>	<u><u>\$ 872,357</u></u>	<u><u>\$ (3,277)</u></u>

See accompanying notes to the basic financial statements

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE, AND HARDIN COUNTIES**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
Medicaid Mental Health Fund
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Over/(Under)
	Original Budget	Final Budget	Actual	
REVENUES:				
Grants	\$ 1,293,783	\$ 1,027,738	\$ 1,103,953	\$ 76,215
Total Cash Receipts	1,293,783	1,027,738	1,103,953	76,215
DISBURSEMENTS:				
Current Operations:				
Health Services:				
Contract - Services	1,268,270	1,776,576	1,782,090	(5,514)
General Government:				
Reimbursements	25,513	-	-	-
Total Cash Disbursements	<u>1,293,783</u>	<u>1,776,576</u>	<u>1,782,090</u>	<u>(5,514)</u>
Total Receipts Over/(Under) Disbursements	-	(748,838)	(678,137)	70,701
Other Financing Receipts/(Disbursements):				
Advances In	-	748,838	737,202	(11,636)
Advances (Out)	-	-	(59,065)	(59,065)
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>748,838</u>	<u>678,137</u>	<u>(70,701)</u>
Net Change in Fund Balance	-	-	-	-
Fund Cash Balances, January 1, 2012	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Cash Balances, December 31, 2012	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE, AND HARDIN COUNTIES**

**STATEMENTS OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
ODMH Miscellaneous State
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts			Variance with Final Budget Over/(Under)
	Original Budget	Final Budget	Actual	
REVENUES:				
Grants	\$ -	\$ 621,568	\$ 621,568	\$ -
Total Cash Receipts	-	621,568	621,568	-
Net Change in Fund Balance	-	621,568	621,568	-
Fund Cash Balances, January 1, 2012	-	-	-	-
Fund Cash Balances, December 31, 2012	\$ -	\$ 621,568	\$ 621,568	\$ -

See accompanying notes to the basic financial statements

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

1. REPORTING ENTITY

The Mental Health and Recovery Services of Allen, Auglaize and Hardin Counties (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 sixteen-member Board. Board members are appointed by the Board's Director and the legislative authorities of the political subdivisions making up the Board. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are Allen, Auglaize and Hardin Counties, the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. These services are provided primarily through contracts with private and public agencies.

Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable for an organization if the Board appoints a voting majority of the organizations' government board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access to organizations' resources; or (3) the Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Board is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Board in that the Board approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criterion, the Board has no component units. The basic financial statements of the reporting entity include only those of the Board.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Board's accounting policies.

A. Basis of Presentation

The Board's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the cash balance of the governmental activities of the Board at year end. The statement of activities compares disbursements and program receipts for each program or function of the Board's governmental activities. 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.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Board. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Board.

Fund Financial Statements – During the year, the Board segregates transactions related to the Board's activities in separate funds in order to aid financial management and demonstrate legal compliance. Fund financial statements report detailed information about the Board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Board are presented in two categories: governmental and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions of the Board are financed. The following are the Board's major governmental funds:

General Fund -The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those resources required to be accounted for in another fund.

Ohio Department Mental Health Services State Fund – Used to account for proceeds received from the State of Ohio to provide services to persons with severe mental/emotional disabilities and for the promotion and support of their recovery and resilience.

Mental Health Systems State Fund – Used to account for proceeds received from the State of Ohio to support general community mental health services to all Ohioans, to support community mental health services for adults and children who meet ODMH criteria for severe mental disabilities or emotional disturbances and to support systematic improvements in service delivery.

Medicaid Mental Health Fund – Used to account for federal financial participation amounts for Medicaid eligible mental health clients.

501 Medicaid Match – Used for Medicaid matching funds to assist with eligible mental health clients.

The other governmental funds of the Board account for grants and other resources whose use is restricted for a particular purpose

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

The Board's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Board's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board members. The legal level of control has been established by the Board at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Board. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Investments

As required by the Ohio Revised Code, the County Treasurer is the custodian for the Board's cash and investments. The County's cash and investment pool holds the Board's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County. For information regarding deposit and investment disclosures of the Mental Health and Recovery Services Board, the Treasurer of Allen County, Rhonda Eddy, may be contacted at 301 North Main Street, Lima, Ohio, 45801.

F. Inventory and Prepaid Items

On the cash basis of accounting, inventories of supplies are reported as disbursements when purchased.

G. Capital Assets

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. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Health 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.

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 of Health. Those committed amounts cannot be used for any other purpose unless the Board of Health 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 of Health, separate from the

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

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 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.

J. Interfund Activity

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

K. Employer Contributions to Cost-Sharing Pension Plans

The Board recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Net Position

Net Position is reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

3. EQUITY IN POOLED CASH

The Allen County Auditor acts as the fiscal agent for the Board and the County Treasurer maintains a cash and investment pool used by all County funds. Because of the nature of the pool all County funds are commingled, the risk involved and the preferential claim of the Board cannot be determined.

The Allen County Auditor's records indicated the Board's cash balance as of December 31, 2012, was \$5,006,261.

4. PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Allen, Auglaize, and Hardin Counties. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by State statute at 35 percent of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2012 represent the collection of 2012 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied April 1, 2011 on the values listed as of December 31, 2010. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Allen, Auglaize, and Hardin County Auditors collect property taxes on behalf of the Board and remit the collected taxes to the Board. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

Real Property	Allen	Auglaize	Hardin
Residential/Agriculture			
Commercial/Industrial/Mineral	\$1,729,983,080	\$898,632,650	\$506,832,810
Public Utilities	94,740,760	23,492,875	25,401,570
Total Assessed Value	<u>\$1,824,723,840</u>	<u>\$922,125,525</u>	<u>\$532,234,380</u>

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

5. INTERFUND BALANCES

Interfund cash advances for the year ended December 31, 2012, were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 2,092,986	\$ -
Mental Health Systems Fund	-	311,853
Medicaid Mental Health Fund	-	537,887
Other Governmental Funds	<u>-</u>	<u>1,243,246</u>
Total Interfund Receivables Payable	<u>\$ 2,092,986</u>	<u>\$2,092,986</u>

6. RISK MANAGEMENT

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

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

Settled claims have not exceeded this coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Board maintains a high deductible Health Care Plan with Medical Mutual with the intent to reduce health care premiums and overall costs. In conjunction with the high deductible plan, an HSA (Health Savings Plan) has been established. The plan has a \$5,000 per family and \$2,500 per individual deductible. Once the deductible is met, the insurance plan begins to pay at 100%.

7. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as follows: The Traditional Pension Plan – a cost sharing, multiple-employer defined pension plan. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by members, 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 Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <http://www.opers.org/investments/cafr.shtml>, by writing OPERS, 277 East Town Street, Columbus, Oh 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. While members in state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2012 member contribution rates were 10.0% of covered payroll for members in state and local classifications. The 2012 employer contribution rate for state and local employers was 14.0% for covered payroll. The Board's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$45,172, \$68,106 and \$82,138, respectively; 100 percent has been contributed for all three years.

8. POSTEMPLOYMENT BENEFITS

Plan Description - Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing-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 Traditional Pension and the Combined plans. Members of the Member-Directed do not qualify for ancillary benefits, including post-employment health care coverage.

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <http://www.opers.org/investments/cafr.shtml>, by writing OPERS, 277 East Town Street, Columbus, Oh 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for funding of post retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0% of covered payroll. These are the maximum employer contributions rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

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

The rates stated above are the contractually required contribution rates for OPERS. The Board's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$12,874, \$19,410 and \$29,898, respectively; 100 percent has been contributed for all years.

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 approved health care changes, OPERS expects to be able to consistently allocated 4 percent of the employer contributions toward the health care fund after the end of the transition period.

9. CONTINGENT LIABILITIES

A. Grants

The Board has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Board believes such disallowances, if any, will be immaterial.

B. Fund Designation

In recognition of the risk inherent in its operations, the Board has designated a portion of its general fund balance (analogous in the insurance industry to a catastrophe fund) to absorb financial shortfalls, whether temporary or permanent. The designation exists to help the Board meet its statutory and contractual responsibilities in the event that the cost for client related services exceed available revenues. These shortfalls can come about because of discontinued funding for a specific program, reductions in funding from selected services or over-runs in cost.

The recommended fund balance designation requirement was developed as equal to two months of the total operating budget (2/12). This percentage is then converted to a dollar amount for the current operating year identifying a minimum level. At December 31, 2012 the Board had designated \$1,216,844 for possible future financial shortfalls.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

10. PRIOR PERIOD FUND BALANCE ADJUSTMENT

The Board had a prior period fund balance adjustment to the following funds:

Fund	Fund Balance 12/31/2011	Prior Period Adjustment	Fund Balance, Restated 1/1/2012
General Fund	\$ 3,888,984	\$ 1,839	\$ 3,890,823
Mental Health Systems	102,945	267	103,212
Other Governmental Funds	739,660	(2,106)	737,554

Adjustments necessary due to mis-postings between funds that were discovered after the 2011 audit was completed.

11. FUND BALANCES

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Health 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	General Fund	501 Medicaid Match	ODMH Miscellaneous State	Other Governmental Funds	Total
Restricted for					
Services per ODMH/ODADAS allocaiton guidelines	\$0	\$872,357	\$621,568	\$734,119	\$2,228,044
Total Restricted	0	872,357	621,568	734,119	2,228,044
Committed to					
Budget Stabilization	1,216,844	0	0	0	1,216,844
Capital Projects	0	0	0	234,455	234,455
Total Committed	1,216,844	0	0	234,455	1,451,299
Unassigned	1,326,918	0	0	0	1,326,918
Total Fund Balances	\$2,543,762	\$872,357	\$621,568	\$968,574	\$5,006,261

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

12. CHANGE IN ACCOUNTING PRINCIPLE

For 2012, the Board implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Board's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

**MENTAL HEALTH AND RECOVERY SERVICES OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

Federal Grantor Program Title	Federal CFDA Number	Project Number	Receipts	Disbursements
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Ohio Department of Mental Health:				
Community Plan Block Grant	93.958	01-BG01PLAN-12	\$ 108,268	\$ 73,770
	93.958	01-BG01PLAN-13	111,969	24,426
Total Community Plan Block Grant			<u>220,237</u>	<u>98,196</u>
Social Services Block Grant-Title XX	93.667	FY 12	99,668	99,668
	93.667	FY 13	32,408	32,408
Total Social Services Block Grant-Title XX			<u>132,076</u>	<u>132,076</u>
Medical Assistance Program	93.778	FY12	314,981	1,782,090
	93.778	FY13	788,973	-
Passed Through Ohio Department of Alcohol and Drug Addiction Services:				
Medical Assistance Program	93.778	FY 12	18,576	321,923
	93.778	FY 13	161,970	-
Total Medical Assistance Program			<u>1,284,500</u>	<u>2,104,013</u>
Passed Through Ohio Department of Mental Health:				
State Childrens Insurance Program	93.767	FY12	-	83,779
Passed Through Ohio Department of Alcohol and Drug Addiction Services:				
State Childrens Insurance Program	93.767	FY 12	-	40,840
Total State Childrens Insurance Program			<u>-</u>	<u>124,619</u>
Passed Through Ohio Department of Alcohol and Drug Addiction Services:				
Federal Per Capita	93.959	01-BGD-FY12	335,520	204,065
	93.959	01-BGD-FY13	98,557	241,059
Federal Per Capita	93.959	01-BGD-FY12	137,017	77,978
	93.959	01-BGD-FY13	38,924	41,428
Women's Treatment	93.959	FY 12	10,982	5,491
	93.959	FY 13	7,316	12,803
Prevention Services	93.959	FY 12	17,782	17,782
	93.959	FY 13	-	27,634
Circle for Recovery	93.959	FY 12	45,900	5,030
	93.959	FY 13	18,152	31,765
UMADAOP	93.959	0205004-00-UMP-12	70,818	35,409
	93.959	0205004-00-UMP-13	47,179	82,564
Total Substance Abuse Prevention and Treatment Block Grant			<u>828,147</u>	<u>783,008</u>
Strategic Prevention Framework SIG Grant	93.243	FY 12	-	20,000
	93.243	FY 13	20,000	-
Total Strategic Prevention Framework SIG Grant			<u>20,000</u>	<u>20,000</u>
Total U.S. Department of Health and Human Services			<u>2,484,960</u>	<u>3,261,912</u>
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Alcohol and Drug Addiction Services				
Vocational Rehabilitation Grant	84.126	FY 12	187,375	139,970
	84.126	FY 13	13,690	-
Total U.S. Department of Education			<u>201,065</u>	<u>139,970</u>
U.S. DEPARTMENT OF JUSTICE				
Passed Through Ohio Department of Alcohol and Drug Addiction Services				
BCJA - Second Chance act Reentry Grant	16.812	FY 12	50,000	35,736
Total U.S. Department of Justice			<u>50,000</u>	<u>35,736</u>
Total Federal Assistance			<u>\$ 2,736,025</u>	<u>\$ 3,437,618</u>

See accompanying Notes to the Schedule of Federal Awards.

**MENTAL HEALTH AND RECOVERY SERVICES OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – SUBRECIPIENTS

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

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 sub recipients to help assure that Federal Awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and 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 expenditure of non-Federal matching funds is not included on the Schedule.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Mental Health and Recovery Services Board
of Allen, Auglaize and Hardin Counties
Allen County
529 South Elizabeth St.
Lima, OH 45805

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties, Allen County, (the Board), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated June 21, 2013, wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

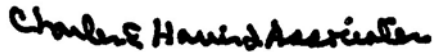
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.

June 21, 2013

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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*

Mental Health and Recovery Services Board
of Allen, Auglaize and Hardin Counties
Allen County
529 South Elizabeth St.
Lima, OH 45805

To the Members of the Board:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

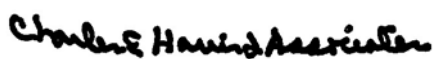
Report on Internal Control Over Compliance

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

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

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

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



Charles E. Harris & Associates, Inc.
June 21, 2013

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY
OMB CIRCULAR A-133 SECTION .505
December 31, 2012**

Schedule of Findings

Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements.
2. There were no material control weaknesses reported at the financial statement level.
3. There were no significant deficiencies disclosed during the audit.
4. No instances of noncompliance material to the financial statements of the Board were disclosed during the audit.
5. No material control weaknesses were reported for major federal programs.
6. No significant deficiencies in internal control over major programs were disclosed.
7. The auditor's report on compliance for the major federal award programs for the Board expresses an unmodified opinion.
8. No findings required to be reported under Section .510(a) of OMB Circular A-133.
9. The program tested as major was the Medical Assistance Program, CFDA #93.778.
10. The dollar threshold for distinguishing Type A and Type B programs was \$300,000.
11. The Board was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

None

C. Findings - Medical Assistance Program, CFDA #93.778

None

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, as of December 31, 2011, reported no material citations or recommendations.

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Dave Yost • Auditor of State

MENTAL HEALTH AND RECOVERY SERVICES BOARD OF ALLEN, AUGLAIZE AND HARDIN COUNTIES

ALLEN 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
SEPTEMBER 24, 2013