

**MENTAL HEALTH & RECOVERY BOARD OF
CLARK, GREENE AND MADISON COUNTIES**

SINGLE AUDIT

July 1, 2011 through June 30, 2012

Year Audited Under GAGAS: 2012



CAUDILL & ASSOCIATES, CPA
725 5th Street
Portsmouth, OH 45662
www.caudillcpa.com



Dave Yost • Auditor of State

Board of Directors
Mental Health and Recovery Board of Clark, Greene and Madison Counties
1055 East High Street
Springfield, Ohio 45505

We have reviewed the *Independent Auditors' Report* of the Mental Health and Recovery Board of Clark, Greene and Madison Counties, Clark County, prepared by Caudill & Associates, CPAs, for the audit period July 1, 2011 through June 30, 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Board of Clark, Greene and Madison 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

February 26, 2013

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**MENTAL HEALTH & RECOVERY BOARD OF
CLARK, GREENE AND MADISON COUNTIES**

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INDEPENDENT AUDITOR'S REPORT

Mental Health & Recovery Board of Clark, Greene and Madison Counties
1055 East High Street
Springfield, Ohio 45505

To the Board of Directors:

We have audited the accompanying financial statements of the Mental Health & Recovery Board of Clark, Greene and Madison Counties, (the Board) as of and for the year ended June 30, 2012. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion 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 opinion.

As described more fully in Note 1, the Board has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Board's larger (i.e. major) funds separately. While the Board does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Board has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended June 30, 2012, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of June 30, 2012, or its changes in financial position for the year then ended.

Board of Directors
Mental Health & Recovery Board of Clark, Greene and Madison Counties
Independent Auditor's Report

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of June 30, 2012, of the Mental Health & Recovery Board of Clark, Greene and Madison Counties, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 10, during 2012 the Mental Health & Recovery Board of Clark, Greene and Madison Counties adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The Board has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 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. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the 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 financial statements or to the 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 financial statements taken as a whole.

Caudill & Associates, CPA

Caudill & Associates, CPA

December 14, 2012

MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2012**

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Agency	
Cash Receipts:				
Taxes	\$ 8,385,538	\$ -	\$ -	\$ 8,385,538
Intergovernmental	1,255,681	19,395,209	-	20,650,890
Rental	792,180	-	-	792,180
Miscellaneous	13,795	9,137	150	23,082
Total Cash Receipts	10,447,194	19,404,346	150	29,851,690
Cash Disbursements:				
Salaries	851,180	224,241	-	1,075,421
Benefits	245,851	14,346	-	260,197
Treatment Services	8,721,143	18,387,793	-	27,108,936
Professional Services	84,274	2,601	650	87,525
Operating	59,609	4,622	60	64,291
Rent and Utilities	250,380	-	-	250,380
Repairs and Maintenance	54,288	165	-	54,453
Capital Outlay and Equipment	439,048	-	-	439,048
Advertising and Printing	20,107	-	1,819	21,926
Principal	45,482	-	-	45,482
Interest	46,062	-	-	46,062
Insurance	40,187	-	-	40,187
Lease	9,342	-	132	9,474
Travel and Conference	12,441	5,135	185	17,761
Miscellaneous	162,742	438	176	163,356
Total Cash Disbursements	11,042,136	18,639,341	3,022	29,684,499
Total Cash Receipts Over/(Under) Cash Disbursements	(594,942)	765,005	(2,872)	167,191
Other Financing Receipts/(Disbursements):				
Transfers-In	-	112,978	-	112,978
Transfers-Out	(112,978)	-	-	(112,978)
Advances-In	1,105,194	-	-	1,105,194
Advances-Out	-	(1,105,194)	-	(1,105,194)
Total Other Financing Receipts/(Disbursements)	992,216	(992,216)	-	-
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	397,274	(227,211)	(2,872)	167,191
Fund Cash Balance, July 1	8,490,414	771,035	19,540	9,280,989
Fund Cash Balances, June 30				
Committed	330,620	-	-	330,620
Assigned	778,961	-	-	778,961
Restricted	-	543,824	16,668	560,492
Unassigned (Deficit)	7,778,107	-	-	7,778,107
Fund Cash Balance, June 30	\$ 8,887,688	\$ 543,824	\$ 16,668	\$ 9,448,180

The notes to the financial statement are an integral part of this statement.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE, AND MADISON COUNTIES
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

1. Summary of Significant Accounting Policies

A. Reporting entity

The Mental Health & Recovery Board of Clark, Greene and Madison 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 an eighteen-member Board. Board members are appointed by Ohio Department of Mental Health (ODMH), Ohio Department of Alcohol and Drug Addiction Services (ODADAS) and the legislative authorities of the counties making up the Board. Those subdivisions are the Clark, Greene and Madison County Commissioners. The Board provides alcohol, drug addiction, and mental health services and programs to citizens in Clark, Greene and Madison Counties primarily through contracts with private and public agencies.

The Clark County Auditor and the Clark County Treasurer serve respectively as fiscal officer and custodian of all public funds. The Board's management believes these financial statements present all activities for which the Board is financially accountable.

B. Basis of accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

C. Cash

As required by the Ohio Revised Code, the Board's cash is held and invested by the Clark County Treasurer, who acts as custodian for the Board's money. The Board's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's carrying amount. Information related to investments and credit risk can be obtained by reviewing the Clark County, Ohio financial statements.

D. Fund Accounting

The Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board classifies its funds into the following types:

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Board had the following significant special revenue funds:

Medicaid (ODMH) – This fund accounts for the Medicaid reimbursements received from the Ohio Department of Mental Health based on claims submitted by provider agencies.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE, AND MADISON COUNTIES
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

Special Revenue Funds Continued

ODMH 505 Regular – This fund accounts for funding passed through the Ohio Department of Mental Health to local mental health boards to provide mental health services to members of the community.

Agency Fund – Agency funds are custodial in nature and do not involve measurement of results of operations. The Board is the custodian for the Madison County Substance Abuse Coalition, a group dedicated to increasing the awareness in the community about the misuse of legal drugs and abuse of illegal drugs.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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 and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 July 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

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

A summary of fiscal year 2012 budgetary activity appears in Note 2.

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. Unpaid vacation and sick leave

Employees are entitled to cash payment for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Board.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE, AND MADISON COUNTIES
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

1. Summary of Significant Accounting Policies (Continued)

H. Interfund Transactions

During the course of normal operations, the Board will, as necessary, transfer or advance cash between funds to meet current obligations. In 2012, net interfund transactions were \$992,216.

I. Fund Balance

For June 30, 2012, fund balance is divided into five classifications based primarily on the extent to which the Board must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Board classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

Board can commit amounts via formal action (resolution). The Board must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Board or a Board official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

The 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.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE, AND MADISON COUNTIES
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

2. Budgetary Activity

Budgetary activity for the year ending June 30, 2012 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	10,849,819	\$ 10,447,194	(402,625)
Special Revenue	20,269,504	19,517,324	(752,180)
Total	31,119,323	\$ 29,964,518	(1,154,805)

2012 Budgeted vs. Actual Expenditures			
Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	11,555,016	\$11,155,114	399,902
Special Revenue	19,307,545	18,639,341	668,204
Total	30,862,561	\$29,794,455	1,068,106

The Board did not budget for advances to and from one fund to another.

3. Long-Term Obligations

Over the years, the Board has received numerous mortgage loans payable from the State of Ohio Department of Mental Health (ODMH) to fund construction or acquisition of facilities. These loans are being forgiven by the State over 40 years, as long as the use of these facilities continues to provide mental health services. The loans are exempt from the debt limitations established by Section 5705.19 of the Ohio Revised Code.

The original balances of these loans are as follows:

<u>Loan Number</u>	<u>Original Loan Amount</u>	<u>ODMH Balance as of 6/30/12</u>
MH-207	\$1,229,396	\$302,258
MH-324	99,779	34,815
MH-364	58,146	23,079
MH-379	128,006	53,482
MH-409	131,000	60,057
MH-414	225,200	101,826
MH-519	142,500	78,085
MH-591	437,400	262,470
MH-636	73,500	47,469
MH-726	94,000	66,791
MH-731	30,000	21,690
Total	\$2,648,927	\$1,052,022

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE, AND MADISON COUNTIES
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

3. Long-Term Obligations (Continued)

On July 21, 2010 the Board entered into a tax exempt debt obligation through PNC Bank. Three mortgages with Huntington National Bank and one mortgage with Chase Bank were paid in full. The refinance is for a ten year fixed rate of 4.37% with the 600 Dayton-Yellow Springs Road, Fairborn, Ohio property as collateral. The outstanding principal balance as of June 30, 2012 was \$911,795.

Future principal and interest requirements at June 30, 2012, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$54,351	\$37,185	\$91,536
2014	55,162	36,374	91,536
2015	57,621	33,915	91,536
2016	60,190	31,346	91,536
2017	62,874	28,662	91,536
2018-2021	<u>621,597</u>	<u>70,174</u>	<u>691,771</u>
Total	<u>\$911,795</u>	<u>\$237,656</u>	<u>\$1,149,451</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date. Property tax levies have been passed in Clark, Greene and Madison Counties. Total mental health levy tax rates in effect for fiscal year 2012 are 2.65, 1.5, and 0.5 mills in Clark, Greene and Madison Counties, respectively. 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 reported in the accompanying financial statements as Intergovernmental Receipts.

Public utilities are also taxed on personal and real property located within the respective counties. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The respective counties are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

5. Retirement System

The Board's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Contribution rates are also prescribed by the Ohio Revised Code. For the period July 1, 2011 to June 30, 2012 PERS members contributed 10% of their gross salaries and the Board contributed an amount equal to 14% of participants' gross salaries. The Board has paid all contributions required through June 30, 2012. See the financial report of Clark County, Ohio, for a complete pension disclosure.

**MENTAL HEALTH & RECOVERY BOARD OF CLARK,
GREENE, AND MADISON COUNTIES
NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2012**

6. Deferred Compensation Programs

Employees of the Board have the option to participate in either, or both, the Ohio Public Employees Deferred Compensation Program or the County Commissioners Association of Ohio Deferred Compensation Plan. Both of these programs are deferred compensation plans under Internal Revenue Code section 457. Employees may elect to defer a portion of their pay until a later date, normally retirement.

7. Risk Management

The Board has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability
- Employee Practice and Dishonesty
- Employer Liability
- Director and Officers Liability

The Board also provides health insurance and dental coverage to full-time employees through a private carrier. There was no reduction in the level of coverage during the year.

8. Contingencies

The Board receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. Miscellaneous Receipts

Miscellaneous receipts posted to the General, Special Revenue and Agency Funds are comprised primarily of donations and insurance recoveries.

10. Change in Accounting Principles

For 2012, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on actual fund balances.

MENTAL HEALTH & RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Grant Title	Federal CFDA Number	Award Year	Pass Through Number	Expenditure
U.S. DEPARTMENT OF HUMAN SERVICES:				
<i>Passed through Ohio Department of Mental Health:</i>				
Title XX		2011	(1)	97,921
	93.667	2012	(1)	176,692
Total Title XX				<u>274,613</u>
<i>Passed through Ohio Department of Alcohol and Drug Addiction:</i>				
Strategic Prevention Framework State Incentive Grant	93.243	2011	(1)	3,933
Block Grants:				
RCI/Women's Recovery Center		2012	12-1123-WOMENT-T-12-9045	317,473
McKinley Hall's Women and Children's Program		2012	12-1039-WOMENT-T-12-9925	166,767
Youth-Led		2012	(1)	6,756
Treatment Per Capita		2012	(1)	670,691
Prevention Per Capita		2011	(1)	15,986
		2012	(1)	<u>238,827</u>
Total Block Grants	93.959			<u>1,416,500</u>
<i>Passed through Multiple Agencies:</i>				
Block Grants for Community Mental Health Services (passed through Ohio Department of Mental Health)				
Block Grant Base		2012	(1)	217,030
Block Grant Forensic		2012	(1)	2,683
Block Grants for Community Mental Health Services (passed through The Ohio State University Research Foundation)				
		2009	OCP-303-09-01	2,263
		2011	BG-11-303-04-001	652
Total Block Grants for Community Mental Health Services	93.958			<u>222,628</u>
Title XIX (passed through Ohio Department of Mental Health)		2011	(1)	<u>1,365,335</u>
				1,365,335
ARRA - Medical Assistance Program (passed through Ohio Department of Mental Health)				
		2010	(1)	38,592
		2011	(1)	<u>159,671</u>
				198,263
Title XIX (passed through Ohio Department of Alcohol & Drug Addiction)		2011	(1)	<u>210,751</u>
				210,751
ARRA - Medical Assistance Program (passed through Ohio Department of Alcohol & Drug Addiction)				
		2010	(1)	12,499
		2011	(1)	<u>27,483</u>
				39,982
Total Title XIX - Medical Assistance Program	93.778			<u>1,814,331</u>
Title XIX SCHIPS (passed through Ohio Department of Mental Health)		2011	(1)	<u>82,548</u>
				82,548
Title XIX SCHIPS (passed through Ohio Department of Alcohol & Drug Addiction)		2011	(1)	<u>5,863</u>
				5,863
Total Title XIX SCHIPS	93.767			<u>88,411</u>
Total U.S. Department of Human Services				<u>3,820,416</u>
TOTAL FEDERAL AWARDS				\$ <u>3,820,416</u>

(1) Pass through; number not available.

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

**MENTAL HEALTH & RECOVERY BOARD OF
CLARK, GREENE AND MADISON COUNTIES
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE A - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) is a summary of activity of all federal award programs of the Mental Health & Recovery Board of Clark, Greene and Madison Counties (the Board). The Schedule has been prepared on the cash basis of accounting.

NOTE B – SUB-RECIPIENTS

The Board passes through certain federal grants from the State Department of Mental Health (ODMH) and the State Department of Alcohol and Drug Addiction Services (ODADAS) to various not-for-profit provider agencies. As described in Note A above, the Board records expenditures of federal awards to subrecipients when paid in cash.

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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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Mental Health & Recovery Board of Clark, Greene and Madison Counties
1055 East High Street
Springfield, Ohio 45505

To the Board of Directors:

We have audited the financial statements of the Mental Health & Recovery Board of Clark, Greene and Madison Counties, (the Board), as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012, wherein we noted the Board followed accounting practices the Auditor of State prescribes rather than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Board of Directors
MHRB of Clark, Greene & Madison Counties

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

We intend this report solely for the information and use of the Board of Director's, management, federal awarding agencies, pass-through entities and the Auditor of State. We intend it for no one other than these specified parties.

Caudill & Associates, CPA

Caudill & Associates, CPA
December 14, 2012



Caudill & Associates, CPA

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Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

INDEPENDENT AUDITOR'S 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 & Recovery Board of Clark, Greene and Madison Counties
1055 East High Street
Springfield, Ohio 45505

To the Board of Directors:

Compliance

We have audited the compliance of the Mental Health & Recovery Board of Clark, Greene and Madison Counties, (the Board) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Mental Health & Recovery Board of Clark, Greene and Madison Counties major federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings and questioned costs 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 opine 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 Mental Health & Recovery Board of Clark, Greene and Madison Counties' 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 Mental Health & Recovery Board of Clark, Greene and Madison Counties complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

Board of Directors
Mental Health & Recovery Board of Clark, Greene and Madison Counties

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance Required by OMB Circular A-133

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 management, Board of Director's, federal awarding agencies, Auditor of State, pass-through entities. It is not intended for anyone other than these specified parties.

Caudill & Associates, CPA

Caudill & Associates, CPA

December 14, 2012

**MENTAL HEALTH & RECOVERY BOARD OF
CLARK, GREENE AND MADISON COUNTIES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505**

FOR THE YEAR ENDED JUNE 30, 2012

1. Summary of Auditor's Results
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified				
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No				
<i>(d)(1)(ii)</i>	Were there any other significant control deficiency conditions reported at the financial statement level (GAGAS)?	None Reported				
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No				
<i>(d)(1)(iv)</i>	Were there any material weakness conditions reported for major federal programs?	No				
<i>(d)(1)(iv)</i>	Were there any other significant deficiency conditions reported for major federal programs?	None Reported				
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified				
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No				
<i>(d)(1)(vii)</i>	Major Programs (list):	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;"><u>Program</u></td> <td style="text-align: center; border-bottom: 1px solid black;"><u>CFDA</u></td> </tr> <tr> <td>Title XIX – Medicaid, ARRA – Title XIX - Medicaid</td> <td style="text-align: right; vertical-align: bottom;">93.778</td> </tr> </table>	<u>Program</u>	<u>CFDA</u>	Title XIX – Medicaid, ARRA – Title XIX - Medicaid	93.778
<u>Program</u>	<u>CFDA</u>					
Title XIX – Medicaid, ARRA – Title XIX - Medicaid	93.778					
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All others				
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes				

**MENTAL HEALTH & RECOVERY BOARD OF
CLARK, GREENE AND MADISON COUNTIES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
*OMB CIRCULAR A-133 § .505***

FOR THE YEAR ENDED JUNE 30, 2012 (continued)

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None noted.

3. Findings and Questioned Costs of Federal Awards

None noted.



Dave Yost • Auditor of State

MENTAL HEALTH AND RECOVERY BOARD OF CLARK, GREENE AND MADISON COUNTIES

CLARK 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
MARCH 12, 2013**