



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statement and related notes of the Three C Recovery and Health Care Network Council of Governments, Hamilton County, Ohio (the Council) as of and for the year ended December 31, 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

As described in Note 1B of the financial statements, the Council prepared the financial statement using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2013, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Three C Recovery and Health Care Network Council of Governments, Hamilton County, Ohio as of December 31, 2013, and its cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

December 10, 2014

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

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

| | |
|--|-------------------------|
| Cash Receipts | |
| Member Contributions | \$999,000 |
| Earnings on Investments | <u>98</u> |
| <i>Total Cash Receipts</i> | <u>999,098</u> |
| Cash Disbursements | |
| Current: | |
| Purchased Services | 456,702 |
| Other | <u>3,689</u> |
| <i>Total Cash Disbursements</i> | 460,391 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>538,707</u> |
| <i>Net Change in Fund Cash Balance</i> | 538,707 |
| <i>Fund Cash Balance, January 1</i> | <u>188,636</u> |
| Fund Cash Balance, December 31 | |
| Unassigned | <u>727,343</u> |
| <i>Fund Cash Balance, December 31</i> | <u><u>\$727,343</u></u> |

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

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Three C Recovery and Health Care Network Council of Governments , Hamilton County, Ohio (the Council) as a body corporate and politic under chapter 167 of the Ohio Revised Code. The Council commenced operations on August 1, 2012. The Council is governed by a 6 member board consisting of the Chief Executive Offices or President of the member County Boards of Alcohol, Drug and Mental Health Services and one member each from the governing board of the three Boards. The participating subdivisions are: Cuyahoga, Franklin and Hamilton counties.

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

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

D. Fund Accounting

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

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

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

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

1. **Nonspendable**

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

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. The Council has no restricted fund balances.

3. **Committed**

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

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 the Council or an official delegated that authority by resolution, or by State Statute. The Council has no assigned fund balances.

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

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Budgetary Process

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

G. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

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

| | |
|-----------------|-------------|
| | <u>2013</u> |
| Demand deposits | \$727,343 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. Risk Management

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

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

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

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2013
(Continued)**

4. Council Start-Up Financial Activity

The Council commenced operations on August 1, 2012. The Council received partner revenue funds from each of the three member County Boards of Alcohol, Drug and Mental Health Services.

The activity between August 1, 2012 and December 31, 2012, is summarized as follows:

| | Total |
|------------------------------|------------------|
| Balance at August 1, 2012 | \$0 |
| Advertisement Commitments: | |
| <i>Cuyahoga County</i> | 100,000 |
| <i>Franklin County</i> | 100,000 |
| <i>Hamilton County</i> | 100,000 |
| Interest Income | 64 |
| Legal Expenditures | (39,480) |
| Consulting Expenditures | (71,741) |
| Other Expenditures | (87) |
| Bank Service Charges | (120) |
| Balance at December 31, 2012 | \$188,636 |



Dave Yost • Auditor of State

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

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

To the Members of Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Three C Recovery and Health Care Network Council of Governments, Hamilton County, Ohio (the Council) as of and for the year ended December 31, 2013, and the related notes to the financial statements and have issued our report thereon dated December 10, 2014 wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

December 10, 2014



Dave Yost • Auditor of State

THREE C RECOVERY AND HEALTH CARE NETWORK COUNCIL OF GOVERNMENTS

HAMILTON 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
DECEMBER 30, 2014**