



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MHRB SERVING BELMONT, HARRISON AND MONROE COUNTIES  
BELMONT COUNTY  
DECEMBER 31, 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

MHRB Serving Belmont, Harrison and Monroe Counties  
Belmont County  
99 North Sugar Street  
St. Clairsville, Ohio 43950

To the Members of the Board:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities and the major fund of the MHRB Serving Belmont, Harrison and Monroe Counties, Belmont County, Ohio (the Board), as of and for the year ended December 31, 2018, 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we 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 and the major fund of the MHRB Serving Belmont, Harrison and Monroe Counties, Belmont County, Ohio, as of December 31, 2018, and the respective changes in cash financial position and the budgetary comparison for the Mental Health and Recovery Board Fund and 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. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplementary Information*

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

*Other Information*

We applied no procedures to Management's Discussion and Analysis as listed in the Table of Contents. Accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2019, 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.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

June 6, 2019

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**MHRB Serving Belmont, Harrison and Monroe Counties**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
Unaudited

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The discussion and analysis of the MHRB Serving Belmont, Harrison and Monroe Counties (the Board) financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2018, within the limitations of the Board's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Board's financial performance.

**Financial Highlights**

Key financial highlights for 2018 are as follows:

- Net position of governmental activities increased \$1,994,831 or 41 percent.
- The Board's general receipts accounted for \$4,418,689 in receipts or 84.5 percent of all receipts, and are primarily property taxes and unrestricted grants and entitlements. Program specific receipts in the form of operating grants and contributions accounted for \$808,285 or 15.5 percent of total receipts of \$5,226,974.
- The Board had \$3,232,143 in disbursements related to governmental activities; only \$808,285 of these disbursements was offset by program specific operating grants and contributions. General receipts of \$4,418,689 were adequate to provide for these programs.
- The Board's major fund had \$5,226,974 in receipts and \$3,232,143 in disbursements. The cash fund balance increased \$1,994,831.

**Using the Basic Financial Statement**

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.

**Report Components**

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the cash activities of the Board as a whole.

Fund financial statements provide a greater level of detail. A fund was created and maintained on the financial records of the Board. These statements present financial information by this fund.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**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.

**MHRB Serving Belmont, Harrison and Monroe Counties**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
Unaudited

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**Reporting the Board as a Whole**

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis reflect how the Board did financially during 2018, within the limitations of the cash basis of accounting. The Statement of Net Position – Cash Basis presents the cash balance of the governmental activities of the Board at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for the governmental program. Program receipts include operating grants and contributions restricted to meeting the operational requirements of the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash 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 are indicators of whether the Board's financial health is improving or deteriorating. When evaluating the Board's financial condition, you should also consider other non-financial factors as well, such as the Board's property tax base, the population base, the extent of the Board's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the Board's activities consist of:

Governmental activities: The Board's mental health and dependency rehabilitation program services are reported here. State and federal grants and income from property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid by the people receiving them.

**Reporting the Board's Fund**

Fund financial statements provide detailed information about the Board's major fund. The Board established the Mental Health and Recovery Fund to manage its activities and to help demonstrate that restricted money is being spent for the intended purpose. The fund of the Board is governmental.

Governmental Fund - The Board's activities are reported in a governmental fund. The governmental fund financial statements provide a detailed view of the Board's governmental operations and the basic service it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Board's program. The Board's only major governmental fund is the Mental Health and Recovery Fund. The program reported in the governmental fund is closely related to those reported in the governmental activities sections of the entity-wide statements.

**MHRB Serving Belmont, Harrison and Monroe Counties**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
Unaudited

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**The Board as a Whole**

Table 1 provides a summary of the Board's net position for 2018 compared to 2017 on a cash basis:

**Table 1**  
**Net Position – Cash Basis**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash Basis Assets</b>		
Cash and Cash Equivalents	\$6,812,923	\$4,818,092
Total Assets	\$6,812,923	\$4,818,092
<b>Net Position</b>		
Unrestricted	\$6,812,923	\$4,818,092
<b>Total Net Position</b>	\$6,812,923	\$4,818,092

The net position of governmental activities increased \$1,994,831 or 41 percent during 2018. The Board's revenue came primarily from the Ohio Department of Mental Health and Addiction Services. During the audit period, January 1, to December 31, 2018, the Board's receipts were more than expenditures. The limitations of the cash basis of accounting must be considered when analyzing this information. If accounts receivable and accounts payable had been considered at year end, the increase would have been somewhat lower.

**MHRB Serving Belmont, Harrison and Monroe Counties**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
Unaudited

Table 2 reflects the changes in net position on a cash basis in 2018 and 2017 for governmental activities:

**Table 2**  
**Changes in Net Position**

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2017</b>
<b>Receipts:</b>		
Program Cash Receipts		
Operating Grants and Contributions	\$808,285	\$628,117
<b>Total Program Cash Receipts</b>	<b>808,285</b>	<b>628,117</b>
General Receipts		
Property Taxes Levied for General Purposes	1,990,655	1,857,659
Revenue in Lieu of Taxes	529	799
Entitlements – Unrestricted	2,258,764	2,008,819
Other Receipts	168,741	58,193
<b>Total General Receipts</b>	<b>4,418,689</b>	<b>3,925,470</b>
<b>Total Receipts</b>	<b>5,226,974</b>	<b>4,553,587</b>
<b>Disbursements:</b>		
Mental Health and Dependency Rehabilitation:		
Salaries	281,201	269,893
Supplies	3,920	4,572
Equipment	1,202	1,950
Contracts – Repairs	16,272	19,522
Contracts – Services	2,678,732	2,815,159
Advertising and Printing	320	0
Travel and Expenses	10,819	12,663
Public Employees' Retirement	39,316	37,678
Worker's Compensation	1,961	69
Medicare	3,962	3,800
Other Expenses	194,438	146,256
<b>Total Disbursements</b>	<b>3,232,143</b>	<b>3,311,562</b>
<b>Change in Net Assets</b>	<b>\$1,994,831</b>	<b>\$1,242,025</b>

Program receipts represent 15.5 percent of total receipts and are primarily comprised of restricted operating grants and contributions.

General receipts represent 84.5 percent of the Board's total receipts, and of this amount, 45.1 percent are local taxes. State subsidies and entitlements make up the Board's general receipts representing 51.1 percent. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for the Mental Health and Recovery Board Fund represent the overhead costs of running the Board and the contract services provided for the Board activities by not-for-profit agencies. The majority of cash disbursements were for contract services accounting for \$2,678,732, or approximately 82.9 percent of total cash disbursements.

**MHRB Serving Belmont, Harrison and Monroe Counties**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
Unaudited

**Governmental Activities**

If you look at the Statement of Activities – Cash Basis, you will see that the first column details the mental health and dependency program services provided by the Board. The major program disbursements for governmental activities were for contract services, which accounted for 82.9 percent of all cash disbursements. The next column on the Statement entitled Program Cash Receipts identifies operating grants and contributions received by the Board that must be used to provide a specific service. The Net (Disbursements) Receipts and Changes in Net Position column compares the program cash receipts to the cost of the service. This “net cost” amount represents the cost of the program service which must be paid from the general receipts, which consists of property taxes, unrestricted grants and state entitlements, and other receipts. A comparison between the total cost of services and the net cost is presented in Table 3.

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Mental Health and Dependency Rehabilitation:				
Salaries	\$281,201	\$269,893	\$281,201	\$269,893
Supplies	3,920	4,572	3,920	4,572
Equipment	1,202	1,950	1,202	1,950
Contracts – Repairs	16,272	19,522	16,272	19,522
Contracts – Services	2,678,732	2,815,159	1,870,447	2,187,042
Advertising and Printing	320	0	320	0
Travel and Expenses	10,819	12,663	10,819	12,663
Public Employee’s Retirement	39,316	37,678	39,316	37,678
Worker’s Compensation	1,961	69	1,961	69
Medicare	3,962	3,800	3,962	3,800
Other Expenses	194,438	146,256	194,438	146,256
<b>Total Disbursements</b>	<b>\$3,232,143</b>	<b>\$3,311,562</b>	<b>\$2,423,858</b>	<b>\$2,683,445</b>

In 2018, the Board depended upon property taxes and unrestricted grants to support 81 percent of its governmental activities.

**The Board’s Fund**

The Board’s governmental fund had total receipts of \$5,226,974 and disbursements of \$3,232,143. The fund balance increased \$1,994,831. Since 2015, the Board has received level funding from State sources and in 2018 received some additional funding from Federal sources. The Board plans for level funding from the Ohio Department of Mental Health and Addiction Services. The revenue from the Belmont county levy has made available funds to continue providing consumer services and allow for planning for additional services.

**Budgeting Highlights**

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

During 2018, the revenue budget was not amended, and the disbursement budget was amended to reflect the transfer of funds between categories and additional appropriations in order to meet its obligations in those line items.

**MHRB Serving Belmont, Harrison and Monroe Counties**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2018  
Unaudited

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**Current Issues**

The Board contracts with five provider agencies to deliver mental health and substance abuse services to the residents of Belmont, Harrison, and Monroe Counties.

The challenge to maintain adequate services to Non-Medicaid consumers in the Board's catchment area, despite level funded specific allocations, for state funds, will remain an issue for Harrison and Monroe counties that are not served by the current Belmont county levy. The Board continues to work with its contract agencies to deliver appropriate and cost-effective services to consumers with increasing mental health and addiction issues. With awareness that the current level or future reduced funding would impact supported services, the Board and its administration will maintain careful financial planning and fiscal management to maximize these services to the community.

**Contacting the Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Board's finances and to reflect the Board's accountability for the money it receives. Questions concerning any of the information should be directed to Wendy McKivitz, Fiscal Officer, at the MHRB Serving Belmont, Harrison and Monroe Counties, 99 North Sugar Street, Saint Clairsville, Ohio 43950.

**MHRB Serving Belmont, Harrison and Monroe Counties**  
*Statement of Net Position - Cash Basis*  
*December 31, 2018*

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	<u>\$6,812,923</u>
<i>Total Assets</i>	<u>6,812,923</u>
<b>Net Position</b>	
Unrestricted	<u>6,812,923</u>
<i>Total Net Position</i>	<u><u>\$6,812,923</u></u>

See accompanying notes to the basic financial statements.

**MHRB Serving Belmont, Harrison and Monroe Counties**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2018*

	<u>Cash</u>	<u>Program Cash</u>	<u>Net (Disbursements)</u>
	<u>Disbursements</u>	<u>Receipts</u>	<u>Receipts and</u>
		<u>Operating Grants</u>	<u>Changes in Net</u>
		<u>and Contributions</u>	<u>Governmental</u>
			<u>Activities</u>
<b>Governmental Activities</b>			
Mental Health and Dependency Rehabilitation:			
Salaries	\$281,201		(\$281,201)
Supplies	3,920		(3,920)
Equipment	1,202		(1,202)
Contracts - Repairs	16,272		(16,272)
Contracts - Services	2,678,732	\$808,285	(1,870,447)
Advertising and Printing	320		(320)
Travel and Expenses	10,819		(10,819)
Public Employee's Retirement	39,316		(39,316)
Worker's Compensation	1,961		(1,961)
Medicare	3,962		(3,962)
Other Expenses	194,438		(194,438)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<i>Total Governmental Activities</i>	<u><u>\$3,232,143</u></u>	<u><u>\$808,285</u></u>	<u><u>(\$2,423,858)</u></u>
<b>General Receipts</b>			
Property Taxes Levied for General Purposes			1,990,655
Revenue In Lieu Of Taxes			529
Grants and Entitlements not Restricted to Specific Programs			2,258,764
Miscellaneous			168,741
			<u>                    </u>
<i>Total General Receipts</i>			<u>4,418,689</u>
Change in Net Position			1,994,831
<i>Net Position Beginning of Year</i>			<u>4,818,092</u>
<i>Net Position End of Year</i>			<u><u>\$6,812,923</u></u>

See accompanying notes to the basic financial statements



**MHRB Serving Belmont, Harrison and Monroe Counties**  
*Statement of Cash Basis Assets and Cash Basis Fund Balance*  
*Governmental Fund*  
*December 31, 2018*

	<b>Mental Health and Recovery Fund</b>
<b>Cash Basis Assets</b>	
Cash and Cash Equivalents	<u>\$6,812,923</u>
<i>Total Cash Basis Assets</i>	<u><u>6,812,923</u></u>
 <b>Fund Balance</b>	
Assigned	87,750
Unassigned (Deficit)	<u>6,725,173</u>
<i>Total Cash Basis Fund Balance</i>	<u><u>\$6,812,923</u></u>

See accompanying notes to the basic financial statements

**MHRB Serving Belmont, Harrison and Monroe Counties**  
*Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balance*  
*Governmental Fund*  
*For the Year Ended December 31, 2018*

	<b>Mental Health and Recovery Fund</b>
<b>Receipts</b>	
Property Taxes	\$1,990,655
Revenue In Lieu Of Taxes	529
Intergovernmental Grants	3,067,049
Miscellaneous	168,741
<i>Total Cash Receipts</i>	5,226,974
<b>Disbursements</b>	
Current:	
Salaries	281,201
Supplies	3,920
Equipment	1,202
Contracts - Repairs	16,272
Contracts - Services	2,678,732
Advertising and Printing	320
Travel and Expenses	10,819
Public Employee's Retirement	39,316
Worker's Compensation	1,961
Medicare	3,962
Other Expenses	194,438
<i>Total Cash Disbursements</i>	3,232,143
<i>Excess of Cash Receipts Over Cash Disbursements</i>	1,994,831
<i>Cash Basis Fund Balance Beginning of Year</i>	4,818,092
<i>Cash Basis Fund Balance End of Year</i>	\$6,812,923

See accompanying notes to the basic financial statements

**MHRB Serving Belmont, Harrison and Monroe Counties**  
*Statement of Cash Receipts, Cash Disbursements, and Changes*  
*In Cash Fund Balance - Budget and Actual - Budget Basis*  
*Mental Health and Recovery Fund*  
*For the Year Ended December 31, 2018*

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$1,560,570	\$1,560,570	\$1,990,655	\$430,085
Revenue In Lieu Of Taxes	1,200	1,200	529	(671)
Intergovernmental Grants	2,227,797	2,227,797	3,067,049	839,252
Interest	0	0	0	0
Tuition and Fees	0	0	0	0
Rent	0	0	0	0
Contributions and Donations	0	0	0	0
Charges for Services	0	0	0	0
Miscellaneous	181,000	181,000	168,741	(12,259)
<i>Total Cash Receipts</i>	<u>3,970,567</u>	<u>3,970,567</u>	<u>5,226,974</u>	<u>1,256,407</u>
<b>Disbursements</b>				
Current:				
Salaries	278,000	281,500	281,201	299
Supplies	6,400	5,400	4,670	730
Equipment	3,000	2,500	1,202	1,298
Contracts - Repairs	22,000	17,500	17,272	228
Contracts - Services	3,472,000	3,393,500	2,753,732	639,768
Advertising and Printing	500	500	320	180
Travel and Expenses	15,000	13,000	11,819	1,181
Public Employee's Retirement	39,000	41,000	39,316	1,684
Worker's Compensation	3,500	2,000	1,961	39
Unemployment Compensation	0	0	0	0
Medicare	4,100	4,100	3,962	138
Other Expenses	225,000	215,000	204,438	10,562
<i>Total Cash Disbursements</i>	<u>4,068,500</u>	<u>3,976,000</u>	<u>3,319,893</u>	<u>656,107</u>
<i>Net Change in Fund Balance</i>	(97,933)	(5,433)	1,907,081	1,912,514
<i>Unencumbered Cash Basis Fund Balance Beginning of Year</i>	4,721,092	4,721,092	4,721,092	0
Prior Year Encumbrances Appropriated	97,000	97,000	97,000	0
<i>Unencumbered Cash Basis Fund Balance End of Year</i>	<u>\$4,720,159</u>	<u>\$4,812,659</u>	<u>\$6,725,173</u>	<u>\$1,912,514</u>

See accompanying notes to the basic financial statements

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## **MHRB Serving Belmont, Harrison and Monroe Counties**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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### **Note 1 - Reporting Entity**

The MHRB Serving Belmont, Harrison and Monroe Counties, Belmont County (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 governing board. Members shall be residents of the Board area. The Director of the Ohio Department of Mental Health and Addiction Service shall appoint eight members and the remaining ten members shall be appointed by the County Commissioners of Belmont, Harrison, and Monroe counties proportionate to population. The Board provides alcohol, drug addiction, and mental health services and programs to citizens of the Board area. These services are provided primarily through contracts with not-for-profit agencies.

#### ***Primary Government***

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

#### ***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Board participates in the Eastern Alliance Council of Governments, which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is discussed in Note 10.

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

### **Note 2 - Summary of Significant Accounting Policies**

As discussed further in the "Basis of Accounting" section of this note, 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.

#### ***Basis of Presentation***

The Board's basic financial statements consist of government-wide financial statements, including a Statement of Net Position 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 activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Board that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Board has no business-type activities. 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 and business-type activities.

## MHRB Serving Belmont, Harrison and Monroe Counties

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018*

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### **Note 2 - Summary of Significant Accounting Policies (Continued)**

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. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Board, with certain limited exceptions. The comparison of direct disbursements with program receipts 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 Accounting***

The Board uses a fund 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 fund of the Board is governmental.

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

***Mental Health and Recovery Fund*** This fund accounts for a county-wide property tax levy and federal and state grants that are primarily used to pay the costs of contracts with local mental health and recovery agencies that provide services to the public.

#### ***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.

#### ***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 authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund, department, and object level for all funds.

Ohio Rev. Code § 5705.28(C)(1) requires the Board to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Board by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and townships within the county if the filing has not been made.

Ohio Rev. Code § 3709.28 establishes budgetary requirements for the Board, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April the Board must adopt an itemized appropriation measure.

## **MHRB Serving Belmont, Harrison and Monroe Counties**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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### **Note 2 - Summary of Significant Accounting Policies (Continued)**

The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the Board may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate 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 budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board during the year.

#### ***Cash and Investments***

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.

#### ***Capital Assets***

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

#### ***Accumulated Leave***

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

#### ***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 benefits (OPEB).

#### ***Net Position***

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Board's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

## MHRB Serving Belmont, Harrison and Monroe Counties

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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### Note 2 - Summary of Significant Accounting Policies (Continued)

#### **Fund Balance**

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

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

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

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

### Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the Mental Health and Recovery Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$87,750 for the Mental Health and Recovery Fund.



**MHRB Serving Belmont, Harrison and Monroe Counties**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Belmont County Treasurer is custodian for the Board's deposits. The County's deposit and investment pool holds the Board's assets, valued at the Treasurer's reported carrying amount.

**Note 5 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Board. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

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 due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2018, was \$15.55 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2018 property tax receipts were based are as follows:

Real Property	\$1,675,176,100
Public Utility Personal Property	<u>382,557,670</u>
Total	<u>\$2,057,733,770</u>

The County Treasurer collects property taxes on behalf of all taxing districts in Belmont County as part of the Board's service area. The County Auditor periodically remits to the Board its portion of the taxes collected.

**Note 6 - Risk Management**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the Board contracted with two companies for various types of insurance as follows:

Scottsdale Insurance Company:		
Directors and Officers Liability	\$2,000,000	\$0
State Auto Insurance Company:		
Building	\$270,460	\$250
Business Personal Property	\$50,853	\$250

There have been no claims with the commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

**MHRB Serving Belmont, Harrison and Monroe Counties**

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2018*

**Note 6 - Risk Management (Continued)**

The Board pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Note 7 - Defined Benefit Pension Plans**

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description – Board employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Members in the state and local divisions may participate in all three plans.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

**MHRB Serving Belmont, Harrison and Monroe Counties**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 7 - Defined Benefit Pension Plans (Continued)**

***Ohio Public Employees Retirement System (Continued)***

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2018 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee*	10.0%
2018 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-employment Health Care Benefits**	<u>0.0</u>
Total Employer	<u>14.0%</u>
Employee	<u>10.0%</u>

\* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

## **MHRB Serving Belmont, Harrison and Monroe Counties**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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### **Note 7 - Defined Benefit Pension Plans (Continued)**

#### ***Ohio Public Employees Retirement System (Continued)***

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$39,368 for the year 2018.

### **Note 8 - Postemployment Benefits**

#### ***Ohio Public Employees Retirement System***

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan.

**MHRB Serving Belmont, Harrison and Monroe Counties**

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2018*

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**Note 8 - Postemployment Benefits (Continued)**

***Ohio Public Employees Retirement System (Continued)***

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$11,248 for the year 2018.

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 10 - Jointly Governed Organizations**

The Board is a member of the Eastern Alliance Council of Governments (the Council), which is a jointly governed organization, consisting of three Alcohol, Drug Addiction and Mental Health Services Boards serving Jefferson, Coshocton, Guernsey, Morgan, Muskingum, Noble, Perry, Belmont, Harrison, and Monroe counties. The Council was established under Chapter 167 of the Ohio Revised Code. The purpose of the council is to promote cooperative agreements and coordinated action among members, state departments, and other local service entities, develop and implement joint quality improvement activities on a regular basis, plan, develop, fund and administer joint residential programming for target populations, and optimize comprehensive planning and program development.

The Council is managed by a board of trustees composed of the Executive Director, or the Director's designee, from each of its members. The continued existence of the Council is not dependent on the Board's continued participation and the Board has no equity interest or financial responsibility for the Council.

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**MHRB Serving Belmont, Harrison and Monroe Counties**

*Schedule of Expenditures of Federal Awards*

*For the Year Ended December 31, 2018*

Federal Grantor <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Grant Year	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Mental Health and Addiction Services:</i>			
Social Services Block Grant	93.667	2018	\$45,317
		2019	<u>37,287</u>
Total Social Services Block Grant			82,604
CURES Opioid STR	93.788	2019	131,251
Block Grants for Community Mental Health Services	93.958	2018	34,613
		2019	<u>36,845</u>
Total Block Grants for Community Mental Health Services			71,458
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2018	362,508
		2019	<u>147,011</u>
Total Block Grants for Prevention and Treatment of Substance Abuse			509,519
Total Passed Through Ohio Department of Mental Health and Addiction Services			<u>794,832</u>
Total U.S. Department of Health and Human Services			<u>794,832</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$794,832</u></u></b>

*The accompanying notes are an integral part of this Schedule.*

**MHRB SERVING BELMONT, HARRISON AND MONROE COUNTIES  
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the MHRB Serving Belmont, Harrison and Monroe Counties (the Board) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Board.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - SUBRECIPIENTS**

The Board passes certain federal awards received from the Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Board reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.



# OHIO AUDITOR OF STATE KEITH FABER



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

MHRB Serving Belmont, Harrison and Monroe Counties  
Belmont County  
99 North Sugar Street  
St. Clairsville, Ohio 43950

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 cash-basis financial statements of the governmental activities and the major fund of the MHRB Serving Belmont, Harrison and Monroe Counties, Belmont County, Ohio (the Board), as of and for the year ended December 31, 2018, 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 6, 2019, 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 opinion 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 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 report is not suitable for any other purpose.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

June 6, 2019

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

MHRB Serving Belmont, Harrison and Monroe Counties  
Belmont County  
99 North Sugar Street  
St. Clairsville, Ohio 43950

To the Members of the Board:

### ***Report on Compliance for the Major Federal Program***

We have audited the MHRB Serving Belmont, Harrison and Monroe Counties', Belmont County, Ohio (the Board), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Board's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Board's major federal program.

### ***Management's Responsibility***

The Board's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure 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 of 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, 2018.

***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 the Uniform Guidance, 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 6, 2019

**MHRB SERVING BELMONT, HARRISON AND MONROE COUNTIES  
BELMONT COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2018**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Program (list):</b> <ul style="list-style-type: none"> <li>• Block Grants for Prevention and Treatment of Substance Abuse – CFDA #93.959</li> </ul>	
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# OHIO AUDITOR OF STATE KEITH FABER



**MENTAL HEALTH AND RECOVERY BOARD SERVING BELMONT, HARRISON, AND MONROE  
COUNTIES**

**BELMONT 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  
JUNE 25, 2019**