



OHIO AUDITOR OF STATE
KEITH FABER



**MENTAL HEALTH AND RECOVERY BOARD
 BELMONT, HARRISON AND MONROE COUNTIES
 BELMONT COUNTY
 DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

Mental Health and Recovery Board
Belmont, Harrison and Monroe Counties
Belmont County
99 North Sugar Street
St. Clairsville, Ohio 43950

To the Members of the Board:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities and the major fund of the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties, Belmont County, Ohio (the Board), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities and the major fund of the Board, as of December 31, 2022, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the Mental Health and Recovery Board Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the Board's basic financial statements.

The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's 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.



Keith Faber
Auditor of State
Columbus, Ohio

November 6, 2023

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Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

The discussion and analysis of the Mental Health and Recovery Board 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, 2022, 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 2022 are as follows:

- Net position of governmental activities decreased \$1,241,729 or 11 percent.
- The Board's general receipts accounted for \$4,880,171 in receipts or 79 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 \$1,320,285 or 21 percent of total receipts of \$6,200,456.
- The Board had \$7,442,185 in disbursements related to governmental activities; \$1,320,285 of these disbursements was offset by program specific operating grants and contributions. General receipts of \$4,880,171 and planned use of fund balance were adequate to provide for these programs.
- The Board's major fund had \$6,200,456, in receipts and \$7,442,185 in disbursements. The cash fund balance decreased \$1,241,729.

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.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

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

Reporting the Board as a Whole

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis reflect how the Board did financially during 2022, 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 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, and a planned use of resources are being used to improve the services to the community. 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.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

The Board as a Whole

Table 1 provides a summary of the Board's net position for 2022 compared to 2021 on a cash basis:

**Table 1
Net Position – Cash Basis**

	Governmental Activities	
	2022	2021
Cash Basis Assets		
Cash and Cash Equivalents	\$ 9,751,492	\$10,993,221
Total Assets	<u>\$ 9,751,492</u>	<u>\$10,993,221</u>
Net Position		
Unrestricted	\$ 9,751,492	\$10,993,221
Total Net Position	<u>\$ 9,751,492</u>	<u>\$10,993,221</u>

The net position of governmental activities decreased \$1,241,729 or 11 percent during 2022. 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, 2022, the Board's expenditures were more than receipts as a planned use of fund balance. 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 decrease would have been lower.

Table 2 reflects the changes in net position on a cash basis in 2022 and 2021 for governmental activities:

**Table 2
Changes in Net Position**

	Governmental Activities 2022	Governmental Activities 2021
Receipts:		
Program Cash Receipts		
Operating Grants and Contributions	\$ 1,320,285	\$ 725,186
Total Program Cash Receipts	<u>1,320,285</u>	<u>725,816</u>
General Receipts		
Property Taxes Levied for General Purposes	2,372,833	2,401,760
Revenue in Lieu of Taxes	1,048	0
Grants and Entitlements – Unrestricted	2,386,384	2,406,915
Other Receipts	119,906	117,117
Total General Receipts	<u>4,880,171</u>	<u>4,925,792</u>
Total Receipts	<u>\$ 6,200,456</u>	<u>\$ 5,650,978</u>

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

Disbursements:

Mental Health and Dependency Rehabilitation:

Salaries	373,302	325,180
Supplies	4,672	3,925
Equipment	6,638	8,789
Contracts – Repairs	34,275	27,983
Contracts – Services	5,103,587	4,275,473
Advertising and Printing	681	34,543
Travel and Expenses	8,964	6,911
Public Employees' Retirement	60,261	54,141
Worker's Compensation	2,734	2,740
Other Expenses	379,236	216,469
Medicare	5,229	4,548
Building Expenses	1,462,606	161,090
Total Disbursements	7,442,185	5,121,792
Change in Net Assets	\$(1,241,729)	\$ 529,186

Program receipts represent 21 percent of total receipts and are primarily comprised of restricted operating grants and contributions.

General receipts represent 79 percent of the Board's total receipts, and of this amount, 49 percent are local taxes. State subsidies and entitlements make up the Board's general receipts representing 49 percent. Other receipts, 2 percent, are insignificant and from unpredictable revenue sources.

Disbursements for the Mental Health and Recovery Board fund represent the contract services provided for the Board activities by provider agencies, the supportive services to providers and operational costs of running the Board. A majority of cash disbursements were for contract services, accounting for \$5,103,587, at approximately 69 percent of total cash disbursements and an increase from 2021 of \$828,114.

Governmental Activities

The Statement of Activities – Cash Basis, shows the first column set details the mental health and dependency rehabilitation program services provided by the Board. The major program disbursements for governmental activities were for contract services, which accounted for 69 percent of all cash disbursements. The next column set 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.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management’s Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Mental Health and Dependency Rehabilitation:				
Salaries	\$ 373,302	\$ 325,180	\$ 373,302	\$ 319,714
Supplies	4,672	3,925	4,672	3,925
Equipment	6,638	8,789	6,638	8,789
Contracts – Repairs	34,275	27,983	34,275	27,983
Contracts – Services	5,103,587	4,275,473	3,858,387	3,555,753
Advertising and Printing	681	34,543	681	34,543
Travel and Expenses	8,964	6,911	8,964	6,911
Public Employee’s Retirement	60,261	54,141	60,261	54,141
Worker’s Compensation	2,734	2,740	2,734	2,740
Other Expenses	379,236	216,469	304,151	216,469
Medicare	5,229	4,548	5,229	4,548
Building Expenses	1,462,606	161,090	1,462,606	161,090
Total Disbursements	\$7,442,185	\$5,121,792	\$6,121,900	\$4,396,606

In 2022, the Mental Health and Recovery Board depended upon property taxes and unrestricted grants to support 82 percent of its governmental activities.

The Board’s Fund

The Board’s governmental fund had total receipts of \$6,200,456 and disbursements of \$7,442,185. The fund balance has a planned decrease of \$1,241,729. The Board has received additional funding for specialized projects from Ohio Mental Health and Addiction Services and in 2022 funding from Federal sources were increased than the previous year. The Board continues to plan for level funding for treatment services from the Ohio Department of Mental Health and Addiction Services although one time funding is made available for special projects at various time throughout the year. The revenue generated from the Belmont County levy has made available funds to continue providing consumer services and allow for planning for additional treatment services and wraparound programs.

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 2022, the revenue budget was amended, and the disbursement budget was amended to reflect additional appropriations to meet its obligations in those line items.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2022

Unaudited

Current Issues

The Board contracts with provider agencies to deliver mental health and substance abuse and rehabilitation services to the residents of Belmont, Harrison, and Monroe Counties. The challenge to maintain adequate services to consumers not eligible for Medicaid in the Board's service area, with the state level funded specific allocations, will remain an issue for Harrison and Monroe counties that are not served by a 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.

The impact of COVID-19 continues to affect services of providers that receive Board support as challenges continue for consumer access and the related shortages in a qualified workforce. The impact on the Board's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. We follow the various government policies and advice to continue our operations along with safeguarding our residents served with behavioral health services and supports. The Board assists our community and contract agencies and organizations to offer services including telehealth and return to in person assistance. The increased need for behavioral health treatment services and supports are part of the ongoing community planning along with supporting providers with additional workforce development. The end of public health emergency at the Federal level will impact Medicaid assistance to some consumers eligible for emergency coverage. The treatment services providers assistance by the board funds will be needed and increased but the anticipated need is unknown until later in 2023.

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, Chief Finance Officer, at the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties, 99 North Sugar Street, Saint Clairsville, Ohio 43950.

**Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
Belmont County**

**Statement of Net Position - Cash Basis
December 31, 2022**

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	<u>\$9,751,492</u>
<i>Total Assets</i>	<u>\$9,751,492</u>
Net Position	
Unrestricted	<u>\$9,751,492</u>
<i>Total Net Position</i>	<u><u>\$9,751,492</u></u>

See accompanying notes to the basic financial statements

**Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
Belmont County**

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2022**

	Cash Disbursements	Program Cash Receipts <u>Operating Grants and Contributions</u>	Net (Disbursements) Receipts and Changes in Net Position <u>Governmental Activities</u>
Governmental Activities			
Mental Health and Dependency Rehabilitation:			
Salaries	\$373,302	-	(\$373,302)
Supplies	4,672	-	(4,672)
Equipment	6,638	-	(6,638)
Contracts - Repairs	34,275	-	(34,275)
Contracts - Services	5,103,587	\$1,245,200	(3,858,387)
Advertising and Printing	681	-	(681)
Travel and Expenses	8,964	-	(8,964)
Public Employee's Retirement	60,261	-	(60,261)
Workers Compensation	2,734	-	(2,734)
Other Expenses	379,236	75,085	(304,151)
Medicare	5,229	-	(5,229)
Building Expenses	1,462,606	-	(1,462,606)
<i>Total Governmental Activities</i>	<u>\$7,442,185</u>	<u>\$1,320,285</u>	<u>(\$6,121,900)</u>

General Receipts

Property Taxes Levied for General Purposes	2,372,833
Revenue In Lieu Of Taxes	1,048
Grants and Entitlements not Restricted to Specific Programs	2,386,384
Miscellaneous	119,906
<i>Total General Receipts</i>	<u>4,880,171</u>
Change in Net Position	(1,241,729)
<i>Net Position Beginning of Year</i>	<u>10,993,221</u>
<i>Net Position End of Year</i>	<u>\$9,751,492</u>

See accompanying notes to the basic financial statements

**Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
Belmont County**

**Statement of Cash Basis Assets and Cash Basis Fund Balance
Governmental Fund
December 31, 2022**

	<u>Mental Health and Recovery Fund</u>
Assets	
Cash and Cash Equivalents	<u>\$9,751,492</u>
<i>Total Assets</i>	<u><u>\$9,751,492</u></u>
Fund Balance	
Assigned	\$2,863,995
Unassigned (Deficit)	<u>\$6,887,497</u>
<i>Total Cash Basis Fund Balance</i>	<u><u>\$9,751,492</u></u>

See accompanying notes to the basic financial statements

**Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
Belmont County**

**Statement of Receipts, Disbursements, and Changes in Fund Balance - Cash Basis
Governmental Fund
For the Year Ended December 31, 2022**

	Mental Health and Recovery Fund
Receipts	
Property Taxes	\$2,372,833
Revenue in Lieu of Taxes	1,048
Intergovernmental Grants	3,706,669
Miscellaneous	119,906
	6,200,456
<i>Total Receipts</i>	<i>6,200,456</i>
Disbursements	
Current:	
Salaries	373,302
Supplies	4,672
Equipment	6,638
Contracts - Repairs	34,275
Contracts - Services	5,103,587
Advertising and Printing	681
Travel and Expenses	8,964
Public Employee's Retirement	60,261
Worker's Compensation	2,734
Other Expenses	379,236
Medicare	5,229
Building Expenses	1,462,606
	7,442,185
<i>Total Disbursements</i>	<i>7,442,185</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(1,241,729)</i>
<i>Fund Balance Beginning of Year</i>	<i>10,993,221</i>
<i>Fund Balance End of Year</i>	<i>\$9,751,492</i>

See accompanying notes to the basic financial statements

**Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
Belmont County**

**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, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property Taxes	\$2,368,000	\$2,300,315	\$2,372,833	\$72,518
Revenue in Lieu of Taxes	-	1,000	1,048	48
Intergovernmental Grants	2,820,000	2,668,594	3,706,669	1,038,075
Miscellaneous	162,000	118,500	119,906	1,406
<i>Total Cash Receipts</i>	<u>5,350,000</u>	<u>5,088,409</u>	<u>6,200,456</u>	<u>1,112,047</u>
Disbursements				
Current:				
Salaries	330,018	380,018	373,301	6,717
Supplies	6,750	6,750	4,672	2,078
Equipment	7,500	7,500	6,638	862
Contracts and Repairs	71,000	71,000	34,275	36,725
Contract Services	6,286,392	6,286,392	5,103,587	1,182,805
Advertising and Printing	3,000	3,000	681	2,319
Travel and Expenses	12,000	12,000	8,974	3,026
Public Employee's Retirement	54,954	68,954	60,260	8,694
Worker's Compensation	3,300	4,000	2,734	1,266
Other Expenses	571,300	583,550	378,687	204,863
Medicare	4,785	5,385	5,229	156
Building Expenses	1,275,000	1,775,000	1,463,146	311,854
Total Cash Disbursements	<u>8,625,999</u>	<u>9,203,549</u>	<u>7,442,184</u>	<u>1,761,365</u>
Excess of Cash Receipts Over /(Under) Cash Disbursements	<u>(3,275,999)</u>	<u>(4,115,140)</u>	<u>(1,241,728)</u>	<u>2,873,412</u>
Net Change in Fund Balance	<u>(3,275,999)</u>	<u>(4,115,140)</u>	<u>(1,241,728)</u>	<u>2,873,412</u>
Unencumbered Cash Basis Fund Balance Beginning of Year	10,590,721	10,590,721	10,590,721	-
Prior Year Encumbrances Appropriated	<u>402,500</u>	<u>402,500</u>	<u>402,500</u>	-
Unencumbered Cash Basis Fund Balance End of Year	<u><u>\$7,717,222</u></u>	<u><u>\$6,878,081</u></u>	<u><u>\$9,751,493</u></u>	<u><u>\$2,873,412</u></u>

See accompanying notes to the basic financial statements

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Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
Belmont County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Mental Health and Recovery Board Belmont, Harrison and Monroe 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. An eighteen-member Board appointed by the Director of the Ohio Department of Mental Health and Addiction Service for eight members, and ten members are appointed by the County Commissioners of Belmont, Harrison, and Monroe counties proportionate to population.

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.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Board. The Board provides alcohol, drug addiction, and mental health contracted services and programs to citizens of the Board area. Public and private agencies are the primary service providers, through Board contracts.

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.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
Belmont County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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. 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 governmental functions of the Board are financed. The following is the Board's governmental fund:

Mental Health and Recovery Fund This fund accounts for and reports all financial resources of the Board. The fund balance is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

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. Any such modifications made by the Board are described in the appropriate section in this note.

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 custodial 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

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Board. The legal level of control has been established by the Board at the fund and department level for all funds.

ORC Section 5705.28(C)(1) requires the Board to file an estimate of contemplated revenue and expenses with the board of county commissioners 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 Board if the filing has not been made.

ORC Section 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. 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.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Board does not have any restricted assets.

Inventory and Prepaid Items

The Board reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Capital Assets

The Board records disbursements for acquisitions of property, plant, and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

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.

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.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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 or a 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 Cash Receipts, Cash Disbursements and Changes in Cash 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(s) between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows: The Board has \$2,863,995 assigned (budgetary basis) for the Mental Health and Recovery Fund for planned use of appropriations exceeding estimated receipts.

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 Belmont County of the Board’s district. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2022, was \$15.05 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Real Property	\$1,762,734,750
Public Utility Personal Property	<u>619,270,540</u>
 Total Assessed Property Value	 <u><u>\$2,382,005,290</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the County. 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 2022, the Board contracted with various types of insurance as follows:

<u>Type of Coverage</u>	<u>Coverages</u>	<u>Deductible</u>
Scottsdale Insurance Company:		
Directors and Officers Liability	\$2,000,000	\$2,500
State Auto Insurance Company:		
Building	\$338,546	\$250
Building Personal Property	\$ 59,490	\$250
Diamond State Insurance Company:		
Building	\$100,000	\$2,500
Building Renovation	\$1,200,000	\$2,500

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

Workers' Compensation coverage is provided by the State of Ohio. The Board coverage is managed by Belmont County. The Boards share of the County's payment to the Workers' Compensation System premium is based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs through Belmont County.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Board employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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 Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

**Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
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Notes to the Basic Financial Statements
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Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). 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 on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is 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 annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum

**Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
Belmont County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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

2022 Statutory Maximum Contribution Rates	State and Local
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension ****	14.0 %
Post-employment Health Care Benefits ****	0.0
Total Employer	14.0 %
Employee	10.0 %

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

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2022, the Board's contractually required contribution was \$61,735 for the traditional and combined plan.

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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
Belmont County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report 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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2022

OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, 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 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2022 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 \$17,639 for the year 2022.

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.

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Notes to the Basic Financial Statements

For the Year Ended December 31, 2022

<u>Fund Balances</u>	<u>Mental Health and Recovery</u>
Assigned to	
Subsequent year appropriations	\$2,863,995
<i>Total Assigned</i>	<u>2,863,995</u>
Unassigned (Deficits)	<u>6,887,497</u>
<i>Total Fund Balances</i>	<u><u>\$9,751,492</u></u>

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues to May 2023. During 2022, the Board received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may have impact subsequent periods of the Board. The impact on the Board’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Grant Year	Federal AL Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY					
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>					
Coronavirus Relief Fund	2022	21.019	DMHF20CARE	\$3,750	\$3,750
Total U.S. Department of Treasury				3,750	3,750
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>					
Social Services Block Grant Program:					
Social Services Block Grant	2022	93.667	2201OHSOSR	25,091	25,091
Social Services Block Grant	2023	93.667	2301OHSOSR	56,420	56,420
Total Social Services Block Grant Program				81,511	81,511
Opioid State Targeted Response (STR) Program:					
Opioid State Targeted Response (STR)	2022	93.788	1H79TIO83294	381,031	381,031
Opioid State Targeted Response (STR)	2023	93.788	1H79TIO85753	25,802	25,802
Total Opioid State Targeted Response (STR) Program				406,833	406,833
Block Grants for Community Mental Health Services Program:					
Block Grants for Community Mental Health Services	2022	93.958	B09SM086030	29,608	29,608
Block Grants for Community Mental Health Services	2023	93.958	B09SM087381	58,241	58,241
Block Grants for Community Mental Health Services - COVID Mitigation	2022	93.958	B09SM085918	14,249	14,249
Block Grants for Community Mental Health Services - Stimulus CRRSA	2022	93.958	B09SM084002	51,560	51,560
Block Grants for Community Mental Health Services - Stimulus CRRSA	2023	93.958	B09SM084002	50,000	50,000
Total Block Grants for Community Mental Health Services Program				203,658	203,658
Block Grants for Prevention and Treatment of Substance Abuse (SABG) Program:					
Block Grants for Prevention and Treatment of Substance Abuse (SABG)	2022	93.959	B08TIO84665	158,017	158,017
Block Grants for Prevention and Treatment of Substance Abuse (SABG)	2023	93.959	B08TIO85827	107,816	107,816
Block Grants for Prevention and Treatment of Substance Abuse (SABG) - COVID Mitigation	2022	93.959	B08TIO84601	11,468	11,468
Total Block Grants for Prevention and Treatment of Substance Abuse (SABG) Program				277,301	277,301
Total U.S. Department of Health and Human Services				969,303	969,303
Total Expenditures of Federal Awards				\$973,053	\$973,053

The accompanying notes are an integral part of the Schedule.

**MENTAL HEALTH AND RECOVERY BOARD 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, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties (the Board) under programs of the federal government for the year ended December 31, 2022. 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*

Mental Health and Recovery Board
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 the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by 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 Mental Health and Recovery Board Belmont, Harrison and Monroe Counties, Belmont County, Ohio (the Board), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated November 6, 2023, wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 6, 2023

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

Mental Health and Recovery Board
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

Opinion on the Major Federal Program

We have audited the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties', Belmont County, Ohio (the Board), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties' major federal program for the year ended December 31, 2022. Mental Health and Recovery Board Belmont, Harrison and Monroe Counties' major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Board's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 6, 2023

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list): <ul style="list-style-type: none"> • Opioid State Targeted Response – AL #93.788 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	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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MENTAL HEALTH and RECOVERY BOARD

Belmont, Harrison and Monroe Counties

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Fund balance classifications were improperly classified.	Corrective Action Taken and Finding is Fully Corrected	n/a

OHIO AUDITOR OF STATE KEITH FABER



MENTAL HEALTH AND RECOVERY BOARD BELMONT, HARRISON AND MONROE COUNTIES

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/21/2023

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov