



OHIO AUDITOR OF STATE  
**KEITH FABER**





**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Delaware-Morrow Mental Health and Recovery Services Board  
Delaware County  
40 North Sandusky Street, Suite 301  
Delaware, Ohio 43015

To the Board of Directors:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Delaware-Morrow Mental Health and Recovery Services Board, Delaware County, Ohio (the Board), which comprises the cash balances, receipts and disbursements for the governmental fund as of and for the year ended December 31, 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Board, as of December 31, 2021, or the changes in financial position thereof for the year then ended.

***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.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Board on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Board. We did not modify our opinion regarding 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 financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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 the financial audit standards in the Comptroller General of the United States' *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.

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.

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2022, 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

September 9, 2022

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**Alcohol, Drug Addiction and Mental Health Services Board**

*Delaware-Morrow DMMHRSB*

*Combined Statement of Receipts, Disbursements*

*and Changes in Fund Balances (Regulatory Cash Basis)*

*All Governmental Fund Types*

*For the Year Ended December 31, 2021*

	General	Totals (Memorandum Only)
<b>Cash Receipts</b>		
Property Taxes	\$7,395,870	\$7,395,870
Charges for Services	385,630	385,630
Intergovernmental	3,590,382	3,590,382
Miscellaneous	348,960	348,960
<i>Total Cash Receipts</i>	<u>\$11,720,842</u>	<u>\$11,720,842</u>
<b>Cash Disbursements</b>		
Current:		
Salaries	\$521,406	\$521,406
Fringe Benefits	216,201	216,201
Purchased and contracted services	10,419,431	10,419,431
Supplies and materials	91,414	91,414
Grants in Aid	81,042	81,042
Capital Outlay	57,045	57,045
<i>Total Cash Disbursements</i>	<u>\$11,386,539</u>	<u>\$11,386,539</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>334,303</u>	<u>334,303</u>
<i>Net Change in Fund Cash Balances</i>	334,303	334,303
<i>Fund Cash Balances, January 1</i>	<u>7,239,621</u>	<u>7,239,621</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$7,573,923</u></u>	<u><u>\$7,573,923</u></u>

*See accompanying notes to the basic financial statements*

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**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Delaware-Morrow Mental Health and Recovery Services Board, Delaware County, (the Board) as a body corporate and politic. A fourteen-member Board is the governing Body. The Board’s Director and the legislative authorities of the political subdivisions making up the Board appoint the other Board members. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are the Delaware and Morrow County Board of Commissioners and Ohio Mental Health and Addiction Services (Ohio MHAS). The Board provides alcohol, drug addiction, and mental health services and programs to citizens of Delaware and Morrow counties. Private and public agencies are the primary service providers, through Board contracts.

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**

***Basis of Presentation***

The Board’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

***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 Board presents the following fund:

***General Fund - Mental Health and Recovery Services Fund-*** This fund is used to account for all financial resources and used for alcohol, drug addiction, mental health services and program, and general purposes for citizens in Delaware and Morrow counties.

***Basis of Accounting***

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

***Budgetary Process***

The Ohio Revised Code requires the Board to adopt a budget for each fund annually.

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances*** The Ohio Revised Code requires the Board to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

***Nonspendable*** The Board classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Board and the nonspendable portion of the corpus in permanent funds.

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

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 Activity**

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,401,010	\$11,720,842	\$319,832

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$14,999,021	\$11,386,539	\$3,612,482

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Delaware 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 – Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Board.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Board.

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

**Note 6 – Risk Management**

The Board participates in a risk-sharing pool, the County Risk Sharing Authority (CORSA), for property, casualty, and public officials’ insurance coverage. The Board retains the risk for property, casualty, and public officials’ insurance coverage up to \$100,000 per occurrence. Following these deductibles, the pool retains the risk per occurrence up to \$1,000,000. An excess policy insures claims exceeding this self-insured retention up to \$10,000,000. The Board would retain any losses above the excess policy level. Settlement amounts have not exceeded insurance coverage for the last three years. There has not been a significant reduction in coverage from the prior year.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Several Board employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Board contributed an amount equaling 14 percent of participants’ gross salaries. The Board has paid all contributions required through December 31, 2021.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2021</i>	<i>10%</i>	<i>14%</i>

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 9 – Contractual Commitments**

The Board provided The Group of Delaware’s predecessor, No Limits of Morrow County, an advance of \$15,000, without interest, which sum remains unpaid. The Group of Delaware agrees in their contract that in consideration of The Board’s entering into this contract and because of the comingling of assets by merging entities (wherein The Group of Delaware is operating successor organization), The Group of Delaware assumes responsibility for the obligation of No Limits of Morrow County to The Board only when; a) there is no longer a contract in effect between The Board and The Group of Delaware for services of the kind generally required under its current contract or, b) The Group of Delaware defaults under its contract, discontinues business, is sold, merged into another entity, files bankruptcy or otherwise terminates its corporate existence. The Group of Delaware shall pay The Board within (30) days of the occurrence of

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Continued)**

any of the aforementioned events. None of these events have occurred as of December 31, 2021

**Note 10 – Contingent Liabilities**

**A. Mortgage Note Amortization**

The Board received capital funds from Ohio Mental Health and Addiction Services (OhioMHAS) to be used for capital expenses. To assure the funds are only used for original purposes, OhioMHAS has required The Board to enter into long-term Mortgage Note amortization agreements. The current balances of the Note Agreements at December 31, 2021 are as follows:

<u>Governmental Activities</u>	<u>Note Amortization (Years)</u>	<u>Interest Rate</u>	<u>Note Balance at 12/31/20</u>	<u>2021 Note Reductions</u>	<u>Note Balance at 12/31/21</u>
912 East Vine Street, Edison, Ohio	40	0%	\$ 116,897	\$5,309	\$111,588
950 Meadow Drive, Mt. Gilead, Ohio	40	0%	\$ 169,174	\$17,483	\$151,691
			<u>\$ 286,071</u>	<u>\$22,792</u>	<u>\$263,279</u>

The properties purchased with OhioMHAS capital funds are intended to provide and support grant program services; therefore, for each year the site and property is used in this manner, the fixed payment is forgiven (amortized) based upon an amortization schedule provided by OhioMHAS. If the Board ceased to use the property for specified services, the remaining unamortized balance would be due and The Board would be liable for the payment. The Board does not anticipate any change in the use of the properties.

**B. Grants**

Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor, principally the federal government. The grantor 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.

**C. Litigation**

The Board is a defendant in a pending lawsuit in Delaware County Common Pleas Court. Board management have been actively working toward a potential settlement but cannot forecast a guaranteed resolution at this time. In no event will the final resolution of this matter materially adversely affect the Board's financial condition and operations.

**Note 11 – Subsequent Events**

The Board notes no subsequent events as of the date this statement is filed.

**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. During 2021, the Board received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Board. The impact on the Board's

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD**  
**DELAWARE COUNTY, OHIO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(Continued)**

future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13 - Fund Balances**

Fund balances are classified as non-spendable, 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 their fund. The constraints placed on the fund balance is presented below for 2021:

Restricted for Grant Programs	1,638,800
Assigned for:	
Subsequent Appropriations	3,169,256
Unassigned	<u>2,765,867</u>
Total	<u>\$7,573,923</u>



DELAWARE-MORROW MENTAL HEALTH & RECOVERY SERVICES BOARD  
DELAWARE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF TREASURY</b>				
<i>Passed Through Ohio Department of Mental Health</i>				
COVID-19 Coronavirus Relief Fund	21.019	5CV1 336513-4221C	57,550	57,550
Total U.S. Department of Treasury			<u>57,550</u>	<u>57,550</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Ohio Department of Mental Health</i>				
Social Services Block Grant	93.667	3A70 336612-4221C	90,798	90,798
Block Grants for Community Mental Health Services	93.958	3A90 336614-4221C	113,559	113,559
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3G40 336618-4253C	211,416	211,416
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3G40 336618-4221C	254,930	254,930
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>466,346</u>	<u>466,346</u>
Opioid State Targeted Response	93.788	3HB1 336644-4221T	315,162	315,162
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	3H80 336606-4221C	26,100	26,100
Total U.S. Department of Health and Human Services			<u>1,011,965</u>	<u>1,011,965</u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$1,069,515</b></u>	<u><b>\$1,069,515</b></u>

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

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Delaware-Morrow Mental Health and Recovery Services Board (the Board's) under programs of the federal government for the year ended December 31, 2021. 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 cash balances, receipts and disbursements 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 Ohio Department of Mental Health and Addiction 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.



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

Delaware-Morrow Mental Health and Recovery Services Board  
Delaware County  
40 North Sandusky Street, Suite 301  
Delaware, Ohio 43015

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Delaware-Morrow Mental Health and Recovery Services Board, Delaware County, (the Board) as of and for the year ended December 31, 2021, and the related notes to the financial statements, and have issued our report thereon dated September 9, 2022, wherein we noted the Board followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board.

***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 purposes 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

September 9, 2022

# 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

Delaware-Morrow Mental Health and Recovery Services Board  
Delaware County  
40 North Sandusky Street, Suite 301  
Delaware, Ohio 43015

To the Board of Directors:

### Report on Compliance for the Major Federal Program

#### ***Qualified Opinion***

We have audited Delaware-Morrow Mental Health and Recovery Services Board's (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 Delaware-Morrow Mental Health and Recovery Services Board's major federal program for the year ended December 31, 2021. Delaware-Morrow Mental Health and Recovery Services Board's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

#### ***Qualified Opinion on Block Grants for Prevention and Treatment of Substance Abuse***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Delaware-Morrow Mental Health and Recovery Services Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Block Grants for Prevention and Treatment of Substance Abuse for the year ended December 31, 2021.

#### ***Basis for Qualified Opinion***

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.

#### ***Matter Giving Rise to Qualified Opinion on Block Grants for Prevention and Treatment of Substance Abuse***

As described in finding 2021-001 in the accompanying schedule of findings, the Board did not comply with requirements regarding reporting applicable to its AL #93.959 Block Grants for Prevention and Treatment of Substance Abuse major federal program.

Compliance with this requirement is necessary, in our opinion, for the Board to comply with requirements applicable to that program.

### ***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.

### ***Other Matters***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Board's response to the noncompliance finding identified in our audit described in the accompanying corrective action plan. The Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2021-001, to be a material weakness.

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 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Board's response to the internal control over compliance finding identified in our audit described in the accompanying corrective action plan. The Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

September 9, 2022

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**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2021**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, unmodified under the regulatory basis
<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>	Yes
<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>	Qualified regarding reporting requirements.
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	AL #93.959 Block Grants for Prevention and Treatment of Substance Abuse
<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

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2021  
(continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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**1. Title of Finding**

<b>Finding Number:</b>	<b>2021-001</b>
<b>Assistance Listing Number and Title1:</b>	<b>AL #93.959 Block Grants for Prevention and Treatment of Substance Abuse</b>
<b>Federal Award Identification Number / Year:</b>	<b>N/A / 2021</b>
<b>Federal Agency:</b>	<b>U.S Department of Health and Human Services</b>
<b>Compliance Requirement:</b>	<b>Section L, Reporting Requirement</b>
<b>Pass-Through Entity:</b>	<b>Yes</b>
<b>Repeat Finding from Prior Audit?</b>	<b>No</b>

**Noncompliance and Material Weakness**

**45 CFR 96.126(a)** requires that the State shall establish a capacity management program which reasonably implements this section - that is, which enables any such program to readily report to the State when it reaches 90 percent of its capacity - and which ensures the maintenance of a continually updated record of all such reports and which makes excess capacity information available to such programs. 96.126(g) also indicates that the State shall develop effective strategies for monitoring programs compliance with this section. States shall report under the requirements of § 96.122(g) on the specific strategies to be used to identify compliance problems and corrective actions to be taken to address those problems.

**2021 Ohio MHAS Agreement and Assurance #43** states that a sub-awardee must submit quarterly to the Department's Division of Treatment and Recovery Services a listing of providers that reach 90 percent of capacity. In the event that no providers reach 90 percent of capacity, the sub-awardee should submit the quarterly reporting indicating such. Those quarterly reports are to be submitted to the Department by the following dates: January 31, April 30, July 31 and October 31.

During 90 percent Capacity Report testing, we identified:

- Two instances of the Delaware Morrow Mental Health and Recovery Services Board (the Board) failing to meet the deadline to submit their reports by the appropriate dates (January 31, 2022 and October 31, 2021) of which, both reports were submitted on July 22<sup>nd</sup>, 2022.
- Two instances of the Board failing to submit the 90 percent Capacity reports to Ohio Mental Health and Addiction Services.

In total, the Board failed to properly comply with reporting compliance requirements for all four of the required reports during 2021. The Board did not have effective internal control procedures in place to help ensure that all reporting requirements were met as required by the grant agreement. The lack of internal controls could result in the Board failing to track grants appropriately, as well as, submitting late and/or inaccurate reports leading to further noncompliance.

**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2021  
(continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)**

The Board should ensure they have proper internal control procedures developed and operating effectively to comply with all grant compliance requirements.

**Officials' Response**

See Corrective Action Plan



# Delaware-Morrow Mental Health & Recovery Services Board

Supporting Wellness. Building Hope. Transforming Lives.

## CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) December 31, 2021

**Finding Number:** 2021-001

**Planned Corrective Action:** The DMMHRSB staff have taken steps to ensure compliance with the Reporting Requirements identified in this finding.

The Board staff have compiled a comprehensive list of reports to be completed by the board, including due dates and staff responsible for each required report. The 90% Capacity reports have been added to this list. This comprehensive report list will be overseen by the fiscal staff for compliance. Additionally, the Associate Director will oversee the execution of gathering the 90% data from board providers, completing the reports and ensuring submission to Ohio MHAS by the published quarterly due dates. The Associate Director or Executive Director will communicate with the fiscal department that the report has been completed each quarter. The Associate Director will also file each report and the email submission of the report in an electronic format as evidence of the compliance requirements.

**Anticipated Completion Date:** Complete as of 9-1-22

**Responsible Contact Person:** Deanna Brant, Rhianna Mattix

# OHIO AUDITOR OF STATE KEITH FABER



**DELAWARE-MORROW MENTAL HEALTH AND RECOVERY SERVICES BOARD**

**DELAWARE 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 9/29/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)