

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDING COUNTIES
ALLEN COUNTY, OHIO**

Single Audit

For the Year Ended June 30, 2022





88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Members of the Governing Board
Mental Health and Recovery Board of Allen, Auglaize and Hardin Counties
529 South Elizabeth Street
Lima, Ohio 45804

We have reviewed the *Independent Auditor's Report* of the Mental Health and Recovery Board of Allen, Auglaize and Hardin Counties, Allen County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mental Health and Recovery Board of Allen, Auglaize and Hardin Counties is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 13, 2023

This page intentionally left blank.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY
Single Audit
For the Year Ended June 30, 2022**

TABLE OF CONTENTS

Title	Page
<hr/>	
Independent Auditor’s Report	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	4
Statement of Activities – Cash Basis.....	5
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis – Governmental Funds.....	6
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances – Cash Basis - Governmental Funds	7
Statement of Receipts, Disbursements and Change in Fund Balance Budget and Actual – Budget Basis - General Fund.....	8
Statement of Receipts, Disbursements and Change in Fund Balance Budget and Actual – Budget Basis – MH – Community of Care	9
Notes to the Basic Financial Statements	10
Schedule of Expenditures of Federal Awards.....	22
Notes to the Schedule of Expenditures of Federal Awards	23
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	24
Independent Auditor’s Report on Compliance with requirements applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	26
Schedule of Findings.....	29

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Mental Health and Recovery Services Board
of Allen, Auglaize and Hardin Counties
Allen County
529 South Elizabeth Street
Lima, Ohio 45804

To the Members of the Governing Board:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties, Allen County, Ohio (the Board), as of and for the year ended June 30, 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, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2022, and the respective changes in cash-basis financial position and the budgetary comparison for the General and Mental Health Community of Care funds 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.

Emphasis of Matter

As discussed in Note 11 to the financial statement, the financial impact of COVID-19 and the ensuing emergency measures will 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 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 Entity'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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 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.



Charles E. Harris & Associates, Inc.
January 20, 2023

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties
Allen County, Ohio
Statement of Net Position - Cash Basis
June 30, 2022

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents w/fiscal agent	\$ 10,042,599
Total assets	<u>10,042,599</u>
Net Position	
Restricted for:	
Other purposes	\$ 1,193,644
Unrestricted	<u>8,848,955</u>
Total net position	<u>\$ 10,042,599</u>

See accompanying notes to the financial statements.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County, Ohio

Statement of Activities - Cash Basis

For the Year Ended June 30, 2022

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Health services	\$ 7,029,528	\$ 83,581	\$ 4,765,078	\$ -	\$ (2,180,869)
General government	3,336,892	-	1,829,160	-	(1,507,732)
Capital Outlay	2,405,527	-	-	750,000	(1,655,527)
Total governmental activities	<u>\$ 12,771,947</u>	<u>\$ 83,581</u>	<u>\$ 6,594,238</u>	<u>\$ 750,000</u>	<u>(5,344,128)</u>
		General Receipts			
		Taxes			4,960,658
		Intergovernmental			238,103
		Rent income			529,180
		Other			96,944
		Total general receipts			<u>5,824,885</u>
		Change in net position			480,757
		Net position -beginning of year			<u>9,561,842</u>
		Net position end of year			<u>\$ 10,042,599</u>

See accompanying notes to the financial statements

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County, Ohio

Statement of Fund Net Position - Cash Basis

Governmental Funds

For the Year Ended June 30, 2022

	<u>General</u>	<u>MH Community of Care</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 8,989,145	\$ 54,306	\$ 233,012	\$ 766,136	\$ 10,042,599
Total assets	<u>\$ 8,989,145</u>	<u>\$ 54,306</u>	<u>\$ 233,012</u>	<u>\$ 766,136</u>	<u>\$ 10,042,599</u>
Fund Balances					
Restricted	-	54,306	233,012	906,326	1,193,644
Committed	972,263	-	-	-	972,263
Unassigned (deficit)	<u>8,016,882</u>	<u>-</u>	<u>-</u>	<u>(140,190)</u>	<u>7,876,692</u>
Total fund balances	<u>\$ 8,989,145</u>	<u>\$ 54,306</u>	<u>\$ 233,012</u>	<u>\$ 766,136</u>	<u>\$ 10,042,599</u>

See accompanying notes to the financial statements.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties
Allen County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General	MH Community of Care	Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts					
Grants	\$ -	\$ 1,829,160	\$ 750,000	\$ 4,765,078	\$ 7,344,238
Taxes	4,960,658	-	-	-	4,960,658
Intergovernmental	238,103	-	-	-	238,103
Rent Income	529,180	-	-	-	529,180
Charges for Services	83,581	-	-	-	83,581
Other	96,944	-	-	-	96,944
Total receipts	5,908,466	1,829,160	750,000	4,765,078	13,252,704
Disbursements					
Current operations:					
Health services	2,897,462	1,131,047	-	3,001,019	7,029,528
General government	1,326,625	661,809	19,730	1,328,728	3,336,892
Capital Outlay	-	-	2,405,527	-	2,405,527
Total disbursements	4,224,087	1,792,856	2,425,257	4,329,747	12,771,947
Excess of receipts over (under) disbursements	1,684,379	36,304	(1,675,257)	435,331	480,757
Other financing sources (uses)					
Transfers in	-	-	1,355,580	-	1,355,580
Transfers out	(1,355,580)	-	-	-	(1,355,580)
Total other financing sources (uses)	(1,355,580)	-	1,355,580	-	-
Net change in fund balance	328,799	36,304	(319,677)	435,331	480,757
Fund balances beginning of year, Restated	8,660,346	18,002	552,689	330,805	9,561,842
Fund balances end of year	<u>\$ 8,989,145</u>	<u>\$ 54,306</u>	<u>\$ 233,012</u>	<u>\$ 766,136</u>	<u>\$ 10,042,599</u>

See accompanying notes to the financial statements.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County, Ohio

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual - Budget Basis

General Fund

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Taxes	\$ 4,811,545	\$ 4,960,658	\$ 4,960,658	\$ -
Intergovernmental	242,133	238,103	238,103	-
Rent Income	436,527	470,117	529,180	59,063
Charges for Services	-	52,133	83,581	31,448
Other	8,550	604,380	96,944	(507,436)
Total receipts	5,498,755	6,325,391	5,908,466	(416,925)
Disbursements				
Current operations:				
Health services	3,501,389	4,063,848	2,897,462	1,166,386
General government	1,997,366	2,345,547	1,326,625	1,018,922
Total disbursements	5,498,755	6,409,395	4,224,087	2,185,308
Excess of receipts over disbursements	-	(84,004)	1,684,379	1,768,383
Other financing uses				
Transfers out	-	-	(1,355,580)	(1,355,580)
Total other financing uses	-	-	(1,355,580)	(1,355,580)
Net change in fund balance	-	(84,004)	328,799	412,803
Fund balance at beginning of year	8,660,346	8,660,346	8,660,346	-
Fund balance at end of year	<u>\$ 8,660,346</u>	<u>\$ 8,576,342</u>	<u>\$ 8,989,145</u>	<u>\$ 412,803</u>

See accompanying notes to the financial statements.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County, Ohio

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual - Budget Basis

GRF-421 MH Community of Care

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Grants	\$ 1,829,160	\$ 1,829,160	\$ 1,829,160	\$ -
Total receipts	1,829,160	1,829,160	1,829,160	-
Disbursements				
Current operations:				
Health services	1,144,401	1,190,659	1,131,047	59,612
General government	684,759	656,443	661,809	(5,366)
Total disbursements	1,829,160	1,847,102	1,792,856	54,246
Net change in fund balance	-	(17,942)	36,304	54,246
Fund balance at beginning of year	18,002	18,002	18,002	-
Fund balance at end of year	\$ 18,002	\$ 60	\$ 54,306	\$ 54,246

See accompanying notes to the financial statements.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 1 – Reporting Entity

The Mental Health and Recovery Services of Allen, Auglaize and Hardin Counties (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Board is directed by a sixteen-member Board. Board members are appointed by the Board's Director and the legislative authorities of the political subdivisions making up the Board. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are Allen, Auglaize and Hardin Counties, the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. These services are provided primarily through contracts with private and public agencies.

Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable for an organization if the Board appoints a voting majority of the organizations' government board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access to organizations' resources; or (3) the Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Board is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Board in that the Board approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criterion, the Board has no component units. The basic financial statements of the reporting entity include only those of the Board.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2, 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.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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. 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 revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Board. The comparison of direct expenses with program revenues 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 Financial Statements During the year, the Board segregates transactions related to the Board's activities in separate funds in order to aid financial management and demonstrate legal compliance. Fund financial statements report detailed information about the Board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Fund Accounting

The Board uses funds 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 funds of the Board are presented below:

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

Community Mental Health Services State Fund The community mental health services state fund accounts for and reports the receipt of funds from the State of Ohio for the purpose of providing services to persons with severe mental/emotional disabilities and to promote and support their recovery and resilience.

Capital Project Fund The capital project fund accounts for and reports all funding for use for capital projects.

The other governmental funds of the Board account for grants and other resources whose use is restricted or committed for a particular purpose.

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.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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 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's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board members. The legal level of control has been established by the Board at the object level for all funds.

ORC Section 5705.28(C)(1) requires the Board to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Board by about June 1 (forty-five days prior to July 15). The county auditor cannot allocate property taxes from the municipalities and townships within the district 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 certificated 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 budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Investments

As required by the Ohio Revised Code, 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. For information regarding deposit and investment disclosures of the Mental Health and Recovery Services Board, the Treasurer of Allen County, Rhonda Eddy, may be contacted at 301 North Main Street, Lima, Ohio, 45801.

Inventory and Prepaid Items

On the cash basis of accounting, inventories of supplies are reported as disbursements when purchased. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, 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 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.

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.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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.

Interfund Activity

The statements report exchange transactions between funds as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Governmental funds report interfund transfers as other financing sources/uses.

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 health care benefits.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position

Net position is reported as restricted when limitations on their use change the nature or normal understanding of their use. 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’s Policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Note 3 – Accountability

Deficit Fund Balances

Fund balances at June 30, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
ODMH Title XX	\$ 2
SOR 2.0	107,716
Indigent Patient Funds	32,461
Community Innovations	11

The general fund is liable for any deficit in these funds and provides transfers when cash is required. The deficit fund balances resulted from unreimbursed federal and state expenses for which reimbursements have been requested.

Note 4 – Equity in Pooled Cash

The Allen County Auditor acts as the fiscal agent for the Board and the County Treasurer maintains a cash and investment pool used by all County funds. Because of the nature of the pool all County funds are commingled, the risk involved and the preferential claim of the Board cannot be determined.

The Allen County Auditor’s records indicated the Board’s cash balance as of June 30, 2022, was \$10,042,599.

Note 5 – Property Taxes

Property taxes are levied, assessed and collected on a calendar year basis while the Board’s fiscal year runs from July through June. First-half tax distributions are received by the Board in the second half of the fiscal year. Second-half distributions are received in the first half of the following fiscal year. They include amounts levied against all real, public utility, and tangible personal property located in the Allen, Auglaize, and Hardin Counties.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 5 – Property Taxes

Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by State statute at 35 percent of appraised market value.

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 usually due December 31, with the remainder payable June 20.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Allen, Auglaize, and Hardin County Auditors collect property taxes on behalf of the Board and remit the collected taxes to the Board. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

The full tax rate for the Board for the year ended June 30, 2022 was \$1.50 per \$1,000 of assessed value. The assessed values of real and tangible personal property taxes certified for 2021 and 2022 are as follows:

Real Property - 2022 First Half	Allen	Auglaize	Hardin
Residential/Agricultural			
Comm./Industrial/Mineral/Public Utility	\$ 2,175,568,270	\$ 1,170,267,860	\$ 598,930,770
Tangible Public Utilities	230,366,380	57,498,500	66,874,630
Total Assessed Value	<u>\$ 2,405,934,650</u>	<u>\$ 1,227,766,360</u>	<u>\$ 665,805,400</u>
Real Property - 2021 Second Half	Allen	Auglaize	Hardin
Residential/Agricultural			
Comm./Industrial/Mineral/Public Utility	\$ 1,945,393,900	\$ 1,154,336,710	\$ 586,960,910
Tangible Public Utilities	208,513,380	39,390,740	59,000,220
Total Assessed Value	<u>\$ 2,153,907,280</u>	<u>\$ 1,193,727,450</u>	<u>\$ 645,961,130</u>

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 6 – Risk Management

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

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

There was no significant reduction in coverage and settled claims have not exceeded coverages in past three years.

The Board maintains a high deductible Health Care Plan with Medical Mutual with the intent to reduce health care premiums and overall costs. In conjunction with the high deductible plan, an HSA (Health Savings Plan) has been established. The plan has a \$5,200 per family and \$2,600 per individual deductible. Once the deductible is met, the insurance plan begins to pay at 100%.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Board employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administer 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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. 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 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 plan as per the reduced benefits adopted by SB 343 (see OPERS ACFR referenced above for additional information):

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 7 – Defined Benefit Pension Plans (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
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
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	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	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

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Additionally, a death benefit of \$ 500 – \$ 2500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional and Combined Plan.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 7 – Defined Benefit Pension Plans (continued)

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$64,712 for 2022.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System (OPERS)

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.

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.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 8 – Postemployment Benefits (continued)

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 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.

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 of 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%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$0 for 2022.

Note 9 – Contingent Liabilities

Grants

The Board has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Board believes such disallowances, if any, will be immaterial.

Fund Designation

In recognition of the risk inherent in its operations, the Board has designated a portion of its general fund balance (analogous in the insurance industry to a catastrophe fund) to absorb financial shortfalls, whether temporary or permanent. The designation exists to help the Board meet its statutory and contractual responsibilities in the event that the cost for client related services exceed available revenues. These shortfalls can come about because of discontinued funding for a specific program, reductions in funding from selected services or over-runs in cost.

The recommended fund balance designation requirement was developed as equal to two months of the total operating budget (2/12). This percentage is then converted to a dollar amount for the current operating year identifying a minimum level. At June 30, 2022 the Board had designated \$2,208,784 for possible future financial shortfalls.

Mental Health and Recovery Services Board of Allen, Auglaize, and Hardin Counties

Allen County

Notes to the Financial Statements

For the Year Ended June 30, 2022

Note 10 – Fund Balances

Fund balance is 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 the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	MH Community of Care	Capital Projects	Other Governmental Funds	Total
Restricted for					
Services per					
ODMH/ODADAS					
Allocation Guidelines	\$ -	\$ 36,699	\$ 233,012	\$ 923,933	\$ 1,193,644
Total Restricted	-	36,699	233,012	923,933	1,193,644
Committed to					
Facilities Management	868,334	-	-	-	868,334
Other Purposes	103,929	-	-	-	103,929
Total Committed	972,263	-	-	-	972,263
Unassigned (Deficit):	8,016,882	-	-	(140,190)	7,876,692
Total Fund Balances	<u>\$ 8,989,145</u>	<u>\$ 36,699</u>	<u>233,012</u>	<u>\$ 783,743</u>	<u>\$ 10,042,599</u>

Note 11 – 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 2022, 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 future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Board's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

Note 12 – Prior Period Adjustment

A prior period adjustment for July 1, 2021 was made decreasing the Other Governmental Funds fund balance and increasing Fund MH Community of Care fund balance for \$17,607 to close out the SOR grant fund.

**MENTAL HEALTH AND RECOVERY SERVICES OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor Program Title	Federal ALN Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Ohio Department of Mental Health			
Block Grants for Prevention and Treatment of Substance Abuse	93.958	01-BG01PLAN-22	\$ 139,488
SAMSHA - Emergency COVID	93.958	FY22	211,315
Total Block Grants for Community Mental Health Services			350,803
FEDERAL PER CAPITA-Prevention	93.959	01-BGD-FY21	18,163
FEDERAL PER CAPITA-Treatment	93.959	01-BGD-FY22	484,927
FEDERAL PER CAPITA-Prevention	93.959	01-BGD-FY22	165,125
COVID Relief	93.959	FY22	22,930
Total Block Grants for Prevention and Treatment of Substance Abuse			691,145
Social Services Block Grant-Title XX	93.667	FY22	114,044
SAMSHA - MAT-PDOA	93.243	FY21	15,948
SAMSHA - MAT-PDOA	93.243	FY22	31,300
Total SAMSHA MAT-PDOA Grants			47,248
MRSS	93.104	FY21	81,161
MRSS	93.104	FY22	101,530
Total MRSS			182,691
State Opioid Response - 2.0	93.788	FY21	76,508
State Opioid Response - 2.0	93.788	FY22	794,004
Total State Opioid Response			870,512
Total U.S. Department of Health and Human Services			2,256,443
U. S. DEPARTMENT OF TREASURY			
Passed Through Ohio Department of Mental Health			
Coronavirus Relief Fund	21.019	FY21	18,750
Coronavirus Relief Fund	21.019	FY22	30,750
Total Coronavirus Relief Fund			49,500
Coronavirus State Recovery Funds	21.027	FY22	57,450
Total U.S. Department of Treasury			106,950
Total Expenditures of Federal Awards			\$ 2,363,393

The accompanying notes are an integral part of this schedule

**MENTAL HEALTH AND RECOVERY SERVICES OF
ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 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 Services Board of Allen, Auglaize and Hardin Counties (the Board) under programs of the federal government for the year ended June 30, 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 or changes in net position of the Board.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule summarizes activity of the Board's federal award programs. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COSTS

The Board has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require that the Board contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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

Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties
Allen County
529 South Elizabeth Street
Lima, Ohio 45804

To the Members of the Governing Board:

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 governmental activities, each major fund and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties, Allen County, Ohio (the Board), as of and for the year ended June 30, 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 January 20, 2023, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. We also noted the Board uses a special purpose framework other than generally accepted accounting principles.

Internal Controls 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 opinion 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 have not been 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*.

There are certain matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated January 20, 2023.

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.



Charles E. Harris & Associates, Inc.
January 20, 2023

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

Mental Health and Recovery Services Board
of Allen, Auglaize and Hardin Counties
Allen County
529 South Elizabeth Street
Lima, Ohio 45804

To the Members of the Governing Board:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mental Health and Recovery Services Board of Allen, Auglaize and Hardin Counties' (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 Board's major federal program for the year ended June 30, 2022. The Board's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each 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 programs. 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.



Charles E. Harris & Associates, Inc.
January 20, 2023

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF ALLEN, AUGLAIZE AND HARDIN COUNTIES
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
June 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under 2 CFR § 200.516(a)</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	State Opioid Response - 2.0 ALN# 93.788 Block Grants for Prevention and Treatment of Substance Abuse ALN #93.959
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: All Others
(d)(1)(ix)	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF ALLEN, AUGLAIZE AND HARDIN
COUNTIES**

ALLEN 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 5/4/2023

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