



OHIO AUDITOR OF STATE
KEITH FABER



**MENTAL HEALTH AND RECOVERY BOARD
 BELMONT, HARRISON AND MONROE COUNTIES
 BELMONT COUNTY
 DECEMBER 31, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities and the major fund of the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties, Belmont County, Ohio (the Board), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities and the major fund of the Board, as of December 31, 2023, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the Mental Health and Recovery Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 15, 2024

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Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

This discussion and analysis of the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties (the Board) financial performance provides an overview of the financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should review the basic financial statements, and notes to the basic financial statements to enhance their understanding of the Board's financial position.

Financial Highlights

Key financial highlights for 2023 are as follows:

- Net position of governmental activities decreased \$2,691,963 or 27.6 percent with planned expenditures of fund balance.
- The Board's general receipts accounted for \$5,141,453 in receipts or 87.5 percent of all receipts and are primarily property taxes and unrestricted grants and entitlements. Program specific receipts in the form of operating grants and contributions accounted for \$732,734 or 12.5 percent of total receipts of \$5,874,187.
- The Board had \$8,566,150 in disbursements related to governmental activities; \$732,734 of these disbursements was offset by program specific operating grants and contributions. General receipts of \$5,141,453 and planned use of the fund balance were adequate to provide for these programs.
- The Board's fund had \$5,874,187, in receipts and \$8,566,150 in disbursements. The cash fund balance decreased \$2,691,963.

Using this Annual Financial Report

This annual report consists of a series of financial statements presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Board's cash basis of accounting.

Report Components

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

Fund financial statements provide a greater level of detail. The fund is created and maintained in the financial records of the Board. These statements present financial information by this fund.

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Board has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Board's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

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

Reporting the Board as a Whole

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis reflect how the Board did financially during 2023, within the limitations of the cash basis of accounting. The Statement of Net Position – Cash Basis presents the cash balance of the Board at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental program. Program receipts include operating grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Board's general receipts.

These statements report the Board's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Board's financial health. Over time, increases or decreases in the Board's cash position is one indicator of whether the Board's financial health is improving or deteriorating. There are many factors, some financial and some not financial, that affect the change in the Board's financial health.

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

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

Reporting the Board's Fund

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

Governmental Fund - The Board's activities are reported in governmental fund. The governmental fund financial statements provide a detailed view of the Board's governmental operations and the basic service it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Board's program.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

The Board as a Whole

Table 1 reflects the Board's net position in 2023 compared to 2022 on a cash basis:

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash and Cash Equivalents	\$ 7,059,529	\$ 9,751,492
<i>Total Assets</i>	<u>7,059,529</u>	<u>9,751,492</u>
Net Position		
Unrestricted	7,059,529	9,751,492
<i>Total Net Position</i>	<u>\$ 7,059,529</u>	<u>\$ 9,751,492</u>

Total net position decreased \$2,691,963 or 27.6 percent during 2023. The Board's revenue came primarily from the Ohio Department of Mental Health and Addiction Services. During the audit period, January 1, to December 31, 2023, the Board's expenditures were more than receipts as a planned use of fund balance. The Board returned \$302,597 in federal funds to OhioMHAS which is part of the decrease in net position.

Table 2 reflects the changes in net position on a cash basis in 2023 and 2022 for governmental activities:

**Table 2
Changes in Net Position
Governmental Activities**

	<u>2023</u>	<u>2022</u>
Receipts:		
Program Cash Receipts		
Operating Grants and Contributions	\$ 732,734	\$ 1,320,285
<i>Total Program Cash Receipts</i>	<u>732,734</u>	<u>1,320,285</u>
General Receipts		
Property Taxes Levied for General Purposes	2,468,519	2,372,833
Revenue in Lieu of Taxes	-	1,048
Grants and Entitlements – Unrestricted	2,539,388	2,386,384
Other Receipts	133,546	119,906
<i>Total General Receipts</i>	<u>5,141,453</u>	<u>4,880,171</u>
Total Receipts	<u>\$ 5,874,187</u>	<u>\$ 6,200,456</u>

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

Disbursements:

Mental Health and Dependency Rehabilitation:

Salaries	490,363	373,302
Supplies	7,591	4,672
Equipment	7,968	6,638
Contracts – Repairs	46,050	34,275
Contracts – Services	6,460,244	5,103,587
Advertising and Printing	-	681
Travel and Expenses	11,197	8,964
Public Employees' Retirement	78,487	60,261
Worker's Compensation	2,729	2,734
Other Expenses	453,007	379,236
Medicare	6,884	5,229
Building Expenses	1,001,630	1,462,606
Total Disbursements	8,566,150	7,442,185
Change in Net Assets	\$ (2,691,963)	\$ (1,241,729)

Program receipts represent 12.5 percent of total receipts and are primarily comprised of restricted operating grants and contributions.

General receipts represent 87.5 percent of the Board's total receipts, and of this amount, 48.0 percent are local taxes. State subsidies and entitlements make up the Board's general receipts representing 49.4 percent. Other receipts, 2.6 percent, are insignificant and from unpredictable revenue sources.

Most disbursements were for contract services accounting for \$6,460,244, at approximately 75.4 percent of total cash disbursements. The increase from 2022 of \$1,356,657 was for additional services provided.

Governmental Activities

The Statement of Activities – Cash Basis shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 shows the total cost of services compared to the net cost of the services. The Net cost of services represents the cost of the program service which must be paid from the general receipts which consist of unrestricted grants, state entitlements, and other receipts.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Mental Health and Recovery Services:				
Salaries	\$ 490,363	\$ 373,302	\$ 490,363	\$ 373,302
Supplies	7,591	4,672	7,591	4,672
Equipment	7,968	6,638	7,968	6,638
Contracts – Repairs	46,050	34,275	46,050	34,275
Contracts – Services	6,460,244	5,103,587	5,727,510	3,858,387
Advertising and Printing	-	681	-	681
Travel and Expenses	11,197	8,964	11,197	8,964
Public Employee's Retirement	78,487	60,261	78,487	60,261
Worker's Compensation	2,729	2,734	2,729	2,734
Other Expenses	453,007	379,236	453,007	304,151
Medicare	6,884	5,229	6,884	5,229
Building Expenses	1,001,630	1,462,606	1,001,630	1,462,606
<i>Total Disbursements</i>	<u>\$ 8,566,150</u>	<u>\$ 7,442,185</u>	<u>\$ 7,833,416</u>	<u>\$ 6,121,900</u>

In 2023, the Mental Health and Recovery Board depended upon property taxes and unrestricted grants to support 91.5 percent of its governmental activities.

The Board's Fund

The Board's governmental fund had total receipts of \$5,874,187 and disbursements of \$8,566,150. The fund balance has a planned decrease of \$2,691,963. The Board has received additional funding for specialized projects from Ohio Mental Health and Addiction Services and in 2023 funding from Federal sources were lower than the previous year.

Budgeting Highlights

The Board's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. During 2023, the Board amended its budget several times to reflect changing circumstances.

Economic Factors

The Board contracts with many provider agencies to deliver mental health and substance abuse and rehabilitation services to the residents of Belmont, Harrison, and Monroe Counties. The challenge to maintain adequate services to consumers not eligible for Medicaid in the Board's service area, with the state level funded specific allocations, will remain an issue for Harrison and Monroe counties that are not served by a county levy. The Board continues to work with its contract agencies to deliver appropriate and cost-effective services to consumers with increasing mental health and addiction issues.

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties

Belmont County

Management's Discussion and Analysis

For the Year Ended December 31, 2023

Unaudited

Contacting the Board's Financial Management

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

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

**Statement of Net Position - Cash Basis
December 31, 2023**

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 7,059,529
<i>Total Assets</i>	<u>\$ 7,059,529</u>
Net Position	
Unrestricted	\$ 7,059,529
<i>Total Net Position</i>	<u><u>\$ 7,059,529</u></u>

See accompanying notes to the basic financial statements

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

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2023**

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
Governmental Activities			
Mental Health and Dependency Rehabilitation:			
Salaries	\$ 490,363	\$ -	\$ (490,363)
Supplies	7,591	-	(7,591)
Equipment	7,968	-	(7,968)
Contracts - Repairs	46,050	-	(46,050)
Contracts - Services	6,460,244	732,734	(5,727,510)
Travel and Expenses	11,197	-	(11,197)
Public Employee's Retirement	78,487	-	(78,487)
Workers Compensation	2,729	-	(2,729)
Other Expenses	453,007	-	(453,007)
Medicare	6,884	-	(6,884)
Building Expenses	1,001,630	-	(1,001,630)
	<u>\$ 8,566,150</u>	<u>\$ 732,734</u>	<u>\$ (7,833,416)</u>
<i>Total Governmental Activities</i>			
 General Receipts			
Property Taxes Levied for General Purposes			2,468,519
Grants and Entitlements not Restricted to Specific Programs			2,539,388
Miscellaneous			133,546
			<u>5,141,453</u>
<i>Total General Receipts</i>			
Change in Net Position			(2,691,963)
 <i>Net Position Beginning of Year</i>			
			<u>9,751,492</u>
 <i>Net Position End of Year</i>			
			<u>\$ 7,059,529</u>

See accompanying notes to the basic financial statements

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

**Statement of Cash Basis Assets and Cash Basis Fund Balance
Governmental Fund
December 31, 2023**

	<u>Mental Health and Recovery Fund</u>
Assets	
Cash and Cash Equivalents	\$ 7,059,529
<i>Total Assets</i>	<u>7,059,529</u>
Fund Balance	
Assigned	801,445
Unassigned (Deficit)	<u>6,258,084</u>
<i>Total Cash Basis Fund Balance</i>	<u>\$ 7,059,529</u>

See accompanying notes to the basic financial statements

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

**Statement of Receipts, Disbursements, and Changes in Fund Balance - Cash Basis
Governmental Fund
For the Year Ended December 31, 2023**

	Mental Health and Recovery Fund
Receipts	
Property Taxes	\$ 2,468,519
Intergovernmental Grants	3,272,122
Miscellaneous	133,546
<i>Total Receipts</i>	5,874,187
Disbursements	
Current:	
Salaries	490,363
Supplies	7,591
Equipment	7,968
Contracts - Repairs	46,050
Contracts - Services	6,460,244
Travel and Expenses	11,197
Public Employee's Retirement	78,487
Worker's Compensation	2,729
Other Expenses	453,007
Medicare	6,884
Building Expenses	1,001,630
<i>Total Disbursements</i>	8,566,150
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,691,963)
<i>Fund Balance Beginning of Year</i>	9,751,492
<i>Fund Balance End of Year</i>	\$ 7,059,529

See accompanying notes to the basic financial statements

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

**Statement of Cash Receipts, Cash Disbursements, and Changes
In Cash Fund Balance - Budget and Actual - Budget Basis
Mental Health and Recovery Fund
For the Year Ended December 31, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property Taxes	\$ 2,409,500	\$ 2,409,500	\$ 2,468,519	\$ 59,019
Intergovernmental Grants	3,262,900	3,262,900	3,272,122	9,222
Miscellaneous	121,000	121,000	133,546	12,546
<i>Total Cash Receipts</i>	<u>\$ 5,793,400</u>	<u>\$ 5,793,400</u>	<u>\$ 5,874,187</u>	<u>\$ 80,787</u>
Disbursements				
Current:				
Salaries	\$ 466,400	\$ 512,600	\$ 490,363	\$ 22,237
Supplies	8,250	8,250	7,591	659
Equipment	10,000	20,000	7,968	12,032
Contracts and Repairs	77,000	77,000	46,050	30,950
Contract Services	6,700,000	7,200,000	6,460,244	739,756
Advertising and Printing	3,000	3,000	-	3,000
Travel and Expenses	15,000	15,000	11,197	3,803
Public Employee's Retirement	75,400	82,000	78,487	3,513
Worker's Compensation	4,000	4,000	2,729	1,271
Other Expenses	541,575	541,575	453,007	88,568
Medicare	6,770	7,770	6,884	886
Building Expenses	750,000	1,250,000	1,001,630	248,370
Total Cash Disbursements	<u>8,657,395</u>	<u>9,721,195</u>	<u>8,566,150</u>	<u>1,155,045</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>(2,863,995)</u>	<u>(3,927,795)</u>	<u>(2,691,963)</u>	<u>1,235,832</u>
Net Change in Fund Balance	(2,863,995)	(3,927,795)	(2,691,963)	1,235,832
Unencumbered Cash Basis Fund Balance Beginning of Year	9,751,492	9,751,492	9,751,492	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash Basis Fund Balance End of Year	<u>\$ 6,887,497</u>	<u>\$ 5,823,697</u>	<u>\$ 7,059,529</u>	<u>\$ 1,235,832</u>

See accompanying notes to the basic financial statements

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Mental Health and Recovery Board Belmont, Harrison and Monroe Counties (the Board), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. An eighteen-member Board appointed by the Director of the Ohio Department of Mental Health and Addiction Service for eight members, and ten members are appointed by the County Commissioners of Belmont, Harrison, and Monroe counties proportionate to population.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Board are not misleading.

Primary Government

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Board's accounting policies.

Basis of Presentation

The Board's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Board that are governmental in nature and those that are considered business-type activities.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Board has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the Board at year end. The statement of activities compares disbursements and program receipts for each program or function of the Board's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Board is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Board, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Board.

Fund Accounting

The Board uses one fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the Board is governmental.

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

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

Basis of Accounting

The Board's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Board's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Board are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board may appropriate.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund and department level for all funds.

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

ORC Section 3709.28 establishes budgetary requirements for the Board, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, the Board must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission. Subject to estimated resources, the Board may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Board during the year.

Cash and Investments

The County Treasurer is the custodian for the Board's cash and investments. The County's cash and investment pool holds the Board's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County.

Restricted Assets

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

Inventory and Prepaid Items

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

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Board recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Net Position

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

Fund Balance

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

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

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

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

Mental Health and Recovery Board Belmont, Harrison and Monroe Counties
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

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

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the Mental Health and Recovery fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The Board has \$801,445 assigned (budgetary basis) for the Mental Health and Recovery Fund for planned use of appropriations exceeding estimated receipts.

Note 4 – Deposits and Investments

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

Note 5 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Board. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2023, was \$15.05 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2023 property tax receipts were based are as follows:

Real Property	\$1,772,745,670
Public Utility Personal Property	633,751,920
Total	\$2,406,497,590

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the County. The County Auditor periodically remits to the Board its portion of the taxes collected.

Note 6 – Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the Board contracted with various types of insurance as follows:

<u>Type of Coverage</u>	<u>Coverages</u>	<u>Deductible</u>
Scottsdale Insurance Company:		
Directors and Officers Liability	\$ 2,000,000	\$ 2,500
State Auto Insurance Company:		
Building	\$ 390,817	\$ 250
Building Personal Property	\$ 61,869	\$ 250

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

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

Note 7 – Defined Benefit Pension Plans

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

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

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Board employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

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

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
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member’s pension benefit vests upon receipt of the initial benefit payment.

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

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

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

	<u>State and Local</u>
	<u>Traditional</u>
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

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

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

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2023, the Board's contractually required contribution was \$83,336 for the traditional and combined plan.

Note 8 – Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022,

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by 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.

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

Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$23,810 for the year 2023.

Note 9 – Contingent Liabilities

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

Note 10 – Jointly Governed Organizations

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

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

Note 11 – Fund Balances

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

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

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2023*

<u>Fund Balances</u>	<u>Mental Health and Recovery</u>
Assigned to	
Subsequent year appropriations	\$ 801,445
<i>Total Assigned</i>	<u>801,445</u>
Unassigned (Deficits)	<u>6,258,084</u>
<i>Total Fund Balances</i>	<u>\$ 7,059,529</u>

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During 2023, the Board received COVID-19 funding. The Board will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Grant Year	Federal AL Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY					
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>					
Coronavirus State and Local Fiscal Recovery Funds - American Rescue Plan Act (ARPA) - Mental Health Impacts	2023	21.027	DMHF22CVD2	\$15,200	\$15,200
Total U.S. Department of Treasury				15,200	15,200
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>					
Social Services Block Grant Program:					
Social Services Block Grant	2023	93.667	2201OHSOSR	19,905	19,905
Social Services Block Grant	2024	93.667	2301OHSOSR	38,231	38,231
Total Social Services Block Grant Program				58,136	58,136
Opioid STR Program:					
Opioid STR - SOR 2.0 NCE Overdose Awareness Day 2023	2024	93.788	1H79TI083294	20,000	20,000
Opioid STR - SOS 3.0	2023	93.788	1H79TI085753	145,009	145,009
Opioid STR - SOS 3.0 Year 2 Correction	2024	93.788	1H79TI085753	28,017	28,017
Total Opioid STR Program				193,026	193,026
Block Grants for Community Mental Health Services Program:					
Block Grants for Community Mental Health Services	2023	93.958	B09SM086030	18,464	18,464
Block Grants for Community Mental Health Services	2024	93.958	B09SM087381	37,253	37,253
Total Block Grants for Community Mental Health Services Program				55,717	55,717
Block Grants for Prevention and Treatment of Substance Abuse (SABG) Program:					
Block Grants for Prevention and Treatment of Substance Abuse (SABG) - Community Investment	2023	93.959	B08TI084665	148,088	148,088
Block Grants for Prevention and Treatment of Substance Abuse (SABG) - Community Investment	2024	93.959	B08TI085827	112,592	112,592
Block Grants for Prevention and Treatment of Substance Abuse (SABG) - Prevention Services	2023	93.959	B08TI084665	36,400	36,400
Block Grants for Prevention and Treatment of Substance Abuse (SABG) - Prevention Services	2024	93.959	B08TI085827	36,402	36,402
Total Block Grants for Prevention and Treatment of Substance Abuse (SABG) Program				333,482	333,482
Substance Abuse and Mental Health Services Projects of Regional and National Significance Program:					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	2023	93.243	H79SM086313	50,000	50,000
Substance Abuse and Mental Health Services Projects of Regional and National Significance	2024	93.243	H79SM086313	50,000	50,000
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance Program:				100,000	100,000
Total U.S. Department of Health and Human Services				740,361	740,361
Total Expenditures of Federal Awards				\$755,561	\$755,561

The accompanying notes are an integral part of the Schedule.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties (the Board) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Board.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

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

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

To the Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities and the major fund of the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties, Belmont County, (the Board), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated November 15, 2024, wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a material weakness.

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*.

Board's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the finding identified in our audit and described in the accompanying Corrective Action Plan. The Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

November 15, 2024

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Members of the Board:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties', Belmont County, (the Board), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties' major federal program for the year ended December 31, 2023. The Mental Health and Recovery Board Belmont, Harrison and Monroe Counties' major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Mental Health and Recovery Board Belmont, Harrison and Monroe Counties complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Keith Faber
Auditor of State
Columbus, Ohio

November 15, 2024

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2023-001

Material Weakness

In our audit engagement letter, as required by AU-C § 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C § 210 paragraphs .A14 & .A16.

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2023-001 (Continued)

Material Weakness (Continued)

Our testing of fund balance classifications found that the Board improperly classified \$1,890,518 as Assigned Fund Balance that should have been classified as Unassigned Fund Balance within the Mental Health and Recovery Fund.

The reclassification above, with which management agrees, are reflected in the accompanying financial statements.

We also noted that Property Taxes and Other Expenses were overstated by \$45,441 on the financial statements.

The adjustment above was not material to the financial statements; therefore, was not reflected in the accompanying financial statements.

The Board did not have procedures in place to help ensure fund balance was properly classified on the financial statements.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Board's financial position and operations.

The Board should review Governmental Accounting Standards Board (GASB) Statement No. 54 and Auditor of State Bulletin 2011-004 to ensure the governmental fund balances are properly classified on the financial statements. The Board should also take necessary steps to ensure that all financial information is properly presented in the Board's basic financial statements.

Officials' Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.



MENTAL HEALTH and RECOVERY BOARD

BELMONT, HARRISON AND MONROE COUNTIES

99 North Sugar Street • St. Clairsville, Ohio 43950 Phone: (740) 695-9998 • Fax: (740) 695-1607 • www.bhmboard.org

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2023

Finding Number:

2023-001

Planned Corrective Action:

Assigned Fund Balance was used for Board fiscal year end that aligns with the Ohio Mental Health and Addiction Services state fiscal year and the majority of the Board's funds. The correction includes using the calendar year end balances for aligning with the audit period and the county auditor financials for purposes of the Board financials and verification of the same with calendar year end documents. Property tax postings have been corrected to reflect the amount of property tax collected as "Total Distribution" instead of "Total Collected" amounts. The Belmont County Auditor records property tax revenue at "Net Distribution" and not as the "Total Distribution" and the "Total Deductions" for each department that would show actual property revenue and expense at the department level. As a 'department' of the county, a manual entry is made at the Board to property reflect property taxes. All necessary steps have been taken to properly present financials.

Anticipated Completion Date:

12/31/24

Responsible Contact Person:

Wendy McKivitz

OHIO AUDITOR OF STATE KEITH FABER



MENTAL HEALTH AND RECOVERY BOARD BELMONT, HARRISON AND MONROE COUNTIES

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/10/2024

65 East State 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