



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY  
DECEMBER 31, 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Mental Health Recovery Board Serving Warren and Clinton Counties  
Warren County  
201 Reading Road  
Mason, Ohio 45040

To the Board of Directors:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020, and related notes of Mental Health Recovery Board Serving Warren and Clinton Counties, Warren County, Ohio (the Recovery Board).

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Recovery Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Recovery Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Recovery Board prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Recovery Board does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Recovery Board, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type for the year ended December 31, 2020, and related notes of the Recovery Board, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 14 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Recovery Board. We did not modify our opinion regarding this matter.

***Other Matters***

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2021, on our consideration of the Recovery Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Recovery Board's internal control over financial reporting and compliance.

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

Keith Faber  
Auditor of State  
Columbus, Ohio  
July 8, 2021

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**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES  
(REGULATORY CASH BASIS)  
GENERAL FUND**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Cash Receipts</b>	
Property Taxes	\$5,911,571
Intergovernmental	
Federal	1,091,581
State	5,704,095
Grants	420,448
Other Receipts	78,364
	<hr/>
<i>Total Cash Receipts</i>	13,206,059
	<hr/>
<b>Cash Disbursements</b>	
Current:	
Salaries & Fringe Benefits	1,063,134
Supplies & Materials	11,454
Purchased Services	703,246
Contract Disbursements - Federal	1,265,070
Contract Disbursements - State	4,151,974
Contract Disbursements - Local	5,422,613
Capital Equipment	54,291
Dues, Fees, Travel & Other	132,351
	<hr/>
<i>Total Cash Disbursements</i>	12,804,133
	<hr/>
<i>Excess of Receipts Over (Under) Disbursements</i>	401,926
	<hr/>
<b>Other Financing Receipts (Disbursements)</b>	
Reimbursements	71,481
	<hr/>
<i>Total Other Financing Receipts (Disbursements)</i>	71,481
	<hr/>
<i>Net Change in Fund Cash Balances</i>	473,407
	<hr/>
<i>Fund Cash Balances, January 1</i>	11,552,586
	<hr/>
<i>Fund Cash Balances, December 31</i>	\$12,025,993
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*See accompanying notes to the basic financial statements*

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**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Mental Health Recovery Board Serving Warren and Clinton Counties, Warren County, (MHRB) as a body corporate and politic. MHRB is governed by a fourteen member board whereby six members are appointed by the Ohio Department of Mental Health and Addiction Services (OhioMHAS), six members are appointed by the Warren County Commissioners and two members are appointed by the Clinton County Commissioners. MHRB's main sources of revenue are grants and other allocations from the OhioMHAS and a property tax levy in both counties.

MHRB provides alcohol, drug addiction and mental health services and programs to citizens of Warren and Clinton Counties. Private and public agencies are the primary service providers, through MHRB contracts.

MHRB management believes these financial statements present all activities for which MHRB is financially accountable.

**2. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

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

**B. Fund Accounting**

MHRB 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 MHRB are presented below:

**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 MHRB for any purpose provided it is expended or transferred according to the general laws of Ohio.

**C. Basis of Accounting**

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

**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

**2. Summary of Significant Accounting Policies (Continued)**

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

**D. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. MHRB must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires MHRB to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

**E Capital Assets**

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

**F. 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.

**G. Debt**

MHRB has non-interest bearing debt with the OhioMHAS. The financial statement does not report a liability for this debt. A summary of this debt appears in Note 11.

**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

2. **Summary of Significant Accounting Policies (Continued)**

**H. Fund Balance**

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

**1. Non-spendable**

MHRB classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by MHRB and the nonspendable portion of the corpus in permanent funds. MHRB had no fund balances in this classification at December 31, 2020.

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

MHRB policy is to apply 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$12,151,794	\$13,277,540	\$1,125,746
Total	\$12,151,794	\$13,277,540	\$1,125,746

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$23,511,951	\$14,517,395	\$8,994,556
Total	\$23,511,951	\$14,517,395	\$8,994,556

**4. Deposits and Investments**

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

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by February 26. If the property owner elects to pay semiannually, the first half is due February 26. The second half payment is due the following July 29.

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

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

**6. Defined Benefit Pension Plans**

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

The Ohio Revised Code also prescribes contribution rates. For 2020 OPERS members contributed 10 percent of their gross salaries and the Board contributed an amount equaling 14 percent of participants' gross salaries. The Board has paid all contributions required as of December 31, 2020.

**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

**7. Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2020.

**8. Risk Management**

**Commercial Insurance**

MHRB has obtained commercial insurance for the following risks:

- Commercial Automobile
- Commercial General Liability & Property
- Employment related Practices
- Bond Insurance Employee Dishonesty

**Risk Pool Membership**

MHRB is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of MHRB's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Automobile liability

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2019 (most recent information available):

Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

MHRB also provides health and life insurance and dental and vision coverage to its employees through a private carrier which is provided through its fiscal agent, Warren County. Workers' Compensation coverage is provided through its fiscal agent, Warren County.

**9. Contingent Liabilities**

**Lawsuit**

A settlement agreement was signed on December 18, 2020 resulting from a lawsuit filed by a contract provider of MHRB on June 26, 2020. The settlement agreement required payment of \$80,000 to the Provider as an inducement for settlement which was paid on January 13, 2021.

**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

**9. Contingent Liabilities, continued**

**Grants**

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

**10. Lease Revenue**

MHRB has entered into leases as lessor with funded agencies of MHRB for the following time frames and locations:

Solutions Community Counseling and Recovery Centers, Inc. (SRC) – month to month thru 2/29/20

- 204 Cook Road, Lebanon, Ohio
- 201 Reading Road, Mason, Ohio

Talbert House (TH) – annual lease beginning 7/1/20

- 204 Cook Road, Lebanon, Ohio

Butler Behavioral Health (BBH) - annual lease beginning 7/1/20

- 212 Cook Road, Lebanon, Ohio

Rental Income for the year ended December 31, 2020 totaled \$74,192.

**11. Long-Term Obligations**

MHRB has entered into two non-interest bearing mortgage agreements with the OhioMHAS. In accordance with the mortgage agreements, the loans are forgiven by the State of Ohio over a period of 40 years, under the condition that the facilities are used exclusively for the purpose of providing mental health services.

During CY20 the mortgage on the 204 Cook Road, Lebanon, OH property was fully forgiven. The tenant at 204 Cook Road, Lebanon, OH and 201 Reading Road, Mason, OH moved out on 2/29/20 and MHRB moved its administrative office to the 201 Reading Road, Mason, OH facility on 6/1/20. A new tenant moved into 204 Cook Road, Lebanon, OH on 7/1/20. MHRB requested that the remaining mortgage of the 201 Reading Road, Mason facility be transferred to the 204 Cook Road, Lebanon, OH facility effective 7/1/20. OhioMHAS granted that request, however the mortgage period was extended by 4 months to account for the time the 204 Cook Road, Lebanon, OH facility was empty.

As of December 31, 2020, this obligation consisted of:

Mortgage, OhioMHAS, revised loan balance \$125,108, non-interest bearing note, forgiven by OhioMHAS in monthly installments of \$479, term expiring June 2028.	\$43,141
Location: 201 Reading Road, Mason, Ohio	



**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(Continued)**

**11. Long-Term Obligations, continued**

Principal amounts of long-term obligations are expected to be forgiven for the following periods:

Year Ending:	
12/31/21	\$ 5,752
12/31/22	\$ 5,752
12/31/23	\$ 5,752
12/31/24	\$ 5,752
2025-2028	<u>\$20,133</u>
Total	\$43,141

Principal forgiven by OhioMHAS during the year ended December 31, 2020 totaled \$3,855.

**12. Fund Balance Classification**

Included in fund balance are amounts MHRB cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

At year end MHRB did not have any Nonspendable fund balance. The Assigned balance was as follows:

Fund Balance	<u>General Fund</u>
Assigned by:	
Outstanding Encumbrances	<u>\$ 1,713,262</u>
Total Assigned	<u>\$ 1,713,262</u>
Total	\$ 1,713,262

In the general fund, outstanding encumbrances are considered assigned.

**13. Change in Accounting Principle**

For 2020, MHRB has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – general fund.

**14. COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of MHRB. The impact on MHRB's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION</b>				
<i>Passed Through Ohio Department of Mental Health and Addiction Services (OhioMHAS)</i>				
Block Grants for Community Mental Health Services				
Community Plan	93.958	N/A	\$98,333	\$98,333
Forensic	93.958	N/A	0	\$2,200
Forensic Centers Competency to Stand Trial Evaluations	93.958	N/A	0	\$21,263
Total Block Grants for Community Mental Health Services			<u>98,333</u>	<u>121,796</u>
Block Grants for Prevention and Treatment of Substance Abuse				
Per Capita/Youth Led Prevention	93.959	N/A	0	1,479
Per Capita/Prevention	93.959	N/A	133,149	133,149
Per Capita/Community Investments - Treatment	93.959	N/A	299,894	374,646
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>433,043</u>	<u>509,274</u>
Social Services Block Grant (Title XX)	93.667	N/A	117,134	117,134
State Targeted Response to the Opioid Crisis Grants - State Opioid Response	93.788	N/A	68,415	193,639
Emergency Grants to Address Mental Health and Substance Use Disorders During COVID-19 - Emergency COVID19 Grant	93.665	N/A	16,750	16,750
<i>Passed Through the Butler County Educational Services Center (BCESC)</i>				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances(SED) - Engage 2.0	93.104	N/A	222,054	261,873
<i>Direct Award:</i>				
Drug-Free Communities (DFC) Support Program	93.276	N/A	0	76,886
Total - Substance Abuse and Mental Health Services Administration			<u>\$955,729</u>	<u>\$1,297,352</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, CENTERS FOR DISEASE CONTROL AND PREVENTION</b>				
<i>Direct Award:</i>				
Drug-Free Communities (DFC) Support Program	93.276	N/A	0	42,487
Total - Centers for Disease Control and Prevention			<u>\$0</u>	<u>\$42,487</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>\$955,729</u>	<u>\$1,339,839</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$955,729</u>	<u>\$1,339,839</u>

The accompanying notes are an integral part of this schedule.

**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mental Health Recovery Board Serving Warren and Clinton Counties, Warren County (MHRB) under programs of the federal government for the year ended December 31, 2020. 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 MHRB, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MHRB.

**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. Amounts passed through to subrecipients are reported on the cash basis in accordance with the Uniform Guidance.

**NOTE C - INDIRECT COST RATE**

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

**NOTE D - SUBRECIPIENTS**

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

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

# OHIO AUDITOR OF STATE KEITH FABER



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

Mental Health Recovery Board Serving Warren and Clinton Counties  
Warren County  
201 Reading Road  
Mason, Ohio 45040

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2020, and the related notes of the Mental Health Recovery Board Serving Warren and Clinton Counties, Warren County, (the Recovery Board), and have issued our report thereon dated July 8, 2021 wherein we noted the Recovery Board followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Recovery Board.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Recovery Board's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Recovery Board's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Recovery Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Recovery Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Recovery Board's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
July 8, 2021

# OHIO AUDITOR OF STATE KEITH FABER



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Blue Ash, Ohio 45242-1817  
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## 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 Recovery Board Serving Warren and Clinton Counties  
Warren County  
201 Reading Road  
Mason, Ohio 45040

To the Board of Directors:

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

We have audited the Mental Health Recovery Board Serving Warren and Clinton Counties' (the Recovery Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Mental Health Recovery Board Serving Warren and Clinton Counties' major federal programs for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Recovery Board's major federal programs.

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

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

### ***Auditor's Responsibility***

Our responsibility is to opine on the Recovery Board's compliance for the Recovery Board's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Recovery Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Recovery Board's major programs. However, our audit does not provide a legal determination of the Recovery Board's compliance.

***Opinion on the Major Federal Programs***

In our opinion, the Mental Health Recovery Board Serving Warren and Clinton Counties complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended December 31, 2020.

***Report on Internal Control Over Compliance***

The Recovery Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Recovery Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Recovery Board's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
July 8, 2021



**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES  
WARREN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2020**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse under GAAP, unmodified under the regulatory basis
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #93.959 Substance Abuse Block Grant CFDA #93.788 Targeted Response to Opioid Crisis
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



# OHIO AUDITOR OF STATE KEITH FABER



**MENTAL HEALTH RECOVERY BOARD SERVING WARREN & CLINTON COUNTIES**

**WARREN 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 7/27/2021**

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

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