



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY  
JUNE 30, 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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

## INDEPENDENT AUDITOR'S REPORT

Mental Health and Recovery Board of Wayne and Holmes Counties  
Wayne County  
1985 Eagle Pass  
Wooster, Ohio 44691

To the Members of the Board:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended June 30, 2021, and related notes of the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County, Ohio (the 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 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 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 have obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion***

As described in Note 1 of the financial statements, the 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(C), 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 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(C) 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 Board, as of June 30, 2021, 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 and the fiduciary fund type combined total as of and for the year ended June 30, 2021, and related notes of the Board, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

***Emphasis of Matters***

As discussed in Note 8 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Board. We did not modify our opinion regarding this matter.

As discussed in Note 9 to the financial statements, during 2021, the Council adopted new accounting guidance in Governmental Accounting Standards Board Statement No.84. We did not modify our opinion regarding this matter.

***Supplementary Information***

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 also 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 September 19, 2022, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Board's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 19, 2022

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**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES  
IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Governmental Fund Type
	General
<b>Cash Receipts:</b>	
Property Tax and Other Local Taxes	\$3,872,623
Intergovernmental	4,570,831
Other	165,825
	8,609,278
 <b>Cash Disbursements:</b>	
Personnel	571,778
Consultants	147,729
Miscellaneous	205,094
Contract Services	7,016,780
	7,941,382
<i>Total Cash Receipts</i>	8,609,278
<i>Total Cash Disbursements</i>	7,941,382
<i>Net Change in Fund Cash Balances</i>	667,896
<i>Fund Balance, July 1, 2020</i>	5,366,867
<i>Fund Balance, June 30, 2021</i>	6,034,763

The notes to the financial statements are an integral part of this statement.

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Fiduciary Fund Type
	Custodial
<b>Cash Receipts:</b>	
Intergovernmental	\$1,239,090
Other	0
	0
<i>Total Cash Receipts</i>	1,239,090
<b>Cash Disbursements:</b>	
Contractual Services	1,178,298
	1,178,298
<i>Total Cash Disbursements</i>	1,178,298
<i>Net Change in Fund Cash Balances</i>	60,792
<i>Fund Cash Balances, July 1, 2020</i>	1,051,936
	1,051,936
<i>Fund Cash Balances, June 30, 2021</i>	\$1,112,728
	\$1,112,728

*The notes to the financial statements are an integral part of this statement.*

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY, OHIO**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The constitution and laws of the State of Ohio establish the rights and privileges of the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County, (the Board) as a body corporate and politic. The Board primarily provides mental health, drug addiction, alcohol, and community services to the residents of the two counties, primarily through contracts with not-for-profit agencies. The Board member composition includes citizens appointed as follows:

- a. Seven (7) by the Wayne County Commissioners;
- b. Three (3) by the Holmes County Commissioners;
- c. Eight (8) by the Director of the Ohio Department of Mental Health and Addiction Services

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

**B. 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. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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.

**C. DEPOSITS AND INVESTMENTS**

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

**D. FUND ACCOUNTING**

The Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY, OHIO**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**D. FUND ACCOUNTING - (continued)**

**2. Fiduciary Fund**

Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Board's own programs.

The fiduciary funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Board disburses these funds as directed by the individual, organization or other government. The Board's custodial fund accounts for the operations of the Wayne County Family and Children First Council (the Council) of which the Board serves as Administrative Agent. Operations of the Council are controlled by an Oversight Committee noting the Board's Executive Director serves on the Executive Council.

**E. BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 July 1. The Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Board 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 2021 budgetary activity appears in Note 2.

**F. PROPERTY, PLANT AND EQUIPMENT**

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

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY, OHIO**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**G. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Board's cash basis method of accounting.

**H. FUND BALANCE**

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

**1. Nonspendable**

The Board classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**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). The Board must adhere to these commitments unless the Board members amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Board members or a Board official delegated that authority by resolution, or by State Statute.

**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.

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY, OHIO**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

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

**I. 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.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the year ending June 30, 2021 is as follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 7,476,299	\$ 8,609,278	\$ (1,132,979)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 10,514,681	\$ 9,750,990	\$ 763,691

**3. PROPERTY TAXES**

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

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

**4. NOTE RECEIVABLE**

On January 29, 2010 the Board executed a promissory note with the Outreach Community Living Services Center, Inc. (the Center) in the amount of \$272,587 with an interest rate of 0%, for the purpose of repaying advances received in prior years. Repayment terms were established as follows: 1) 12 monthly payments of \$100 each commencing February 5, 2010; 2) 6 monthly payments of \$500 each commencing February 5, 2011; 3) 357 monthly payments of \$750; and 4) 1 final monthly payment of \$637. The promissory note is collateralized by a mortgage lien on two

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY, OHIO**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021**

**4. NOTE RECEIVABLE (continued)**

of the Center's existing properties.

The balance of the promissory note at June 30, 2021 is \$123,326. The Board has allowed the Center to make payments which may be less than the amount due per the established agreement.

**5. RETIREMENT SYSTEM**

The Board's 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 fiscal year 2014 and 2015, OPERS members were required to contribute 10% of their gross salaries and the Board was required to contribute an amount equaling 14% of participants' gross salaries. The Board picked up 3% of the member contributions. The Board has paid all contributions required through June 30, 2021.

**6. RISK MANAGEMENT**

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland Marine; and
- Errors and omissions.

The Board also provides health, dental and life insurance through a private carrier. Settled claims have not exceeded coverage in any of the past three years. Limits have not been decreased from the prior year.

**7. CONTINGENT LIABILITIES**

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

**8. 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Board. The impact on the Board's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**9. CHANGE IN ACCOUNTING PRINCIPLE**

During the year, the Board implemented the provisions of GASB Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. This Statement also requires the presentation of a statement of fiduciary net position and statement of changes in net position. The adoption of GASB Statement No. 84 did not result in any changes or modifications to the Board's financial statements.

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY, OHIO**

**Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2021**

**10. FUND BALANCES**

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 facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>\$1,809,608</u>
Total	<u>\$1,809,608</u>

In the general fund, outstanding encumbrances are considered assigned.



**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES**  
**WAYNE COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Special Education-Grants for Infants and Families	84.181	H181A190024	248,111	248,111
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
Social Services Block Grant	93.667	3A70 33612 SOC SERS BG 4221C	98,842	98,842
Block Grants for Community Mental Health Services	93.958	3A90 33614 MH BG 4221C	102,423	102,423
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3G40 336618-4221F	189,337	189,337
		3G40 336618-4221C	346,100	346,100
		3G40 336618-4253C	131,895	131,895
Total for Block Grants for Prevention and Treatment of Substance Abuse			<u>667,332</u>	<u>667,332</u>
Opioid STR	93.788	2000418	316,952	316,952
		2100466	147,675	147,675
		2100768	187,461	187,461
		2100766	240,551	240,551
			<u>892,639</u>	<u>892,639</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	5AU-18-C0085	3,057	3,057
MaryLee Allen Promoting Safe and Stable Families Program	93.556	5AU-18-C0085	32,614	32,614
Total U.S. Department of Health and Human Services			<u>1,796,907</u>	<u>1,796,907</u>
<b>U.S. DEPARTMENT OF TREASURY</b>				
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
COVID-19 - Coronavirus Relief Fund	21.019	5CV1 336513-4220C	107,272	107,272
Total Expenditures of Federal Awards			<u>2,152,290</u>	<u>2,152,290</u>

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2021**

**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 of Wayne and Holmes Counties, (the Board's) under programs of the federal government for the year ended June 30, 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 the Board, it is not intended to and does not present the financial position or changes in net position 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 Ohio Department of Mental Health and Addiction Services and the Ohio Department of Health 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.

**NOTE E - MATCHING REQUIREMENTS**

Certain Federal programs require the Board to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

# OHIO AUDITOR OF STATE KEITH FABER



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

## 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 of Wayne and Holmes Counties  
Wayne County  
1985 Eagle Pass  
Wooster, Ohio 44691

To the Members of the Board:

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 and the fiduciary fund type combined total as of and for the year ended June 30, 2021 and related notes of the Mental Health and Recovery Board of Wayne and Holmes Counties, Wayne County, (the Board) and have issued our report thereon dated September 19, 2022, wherein we noted the Government followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Board.

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

As part of our financial statement audit, we considered the 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 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 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2021-001 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the 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*.

***Board's Response to Findings***

The Board's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Board's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 19, 2022

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

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

Mental Health and Recovery Board of Wayne and Holmes Counties  
Wayne County  
1985 Eagle Pass  
Wooster, Ohio 44691

To the Members of the Board:

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

We have audited the Mental Health and Recovery Board of Wayne and Holmes Counties' (the 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 and Recovery Board of Wayne and Holmes Counties' major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal programs.

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

The 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 Board's compliance for the 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 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 Board's major programs. However, our audit does not provide a legal determination of the Board's compliance.

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

In our opinion, the Mental Health and Recovery Board of Wayne and Holmes 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 June 30, 2021.

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

The 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 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 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

September 19, 2022

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse – GAAP Unmodified – 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>	Yes
<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>	AL #93.788 – State Targeted Response to the Opioid Crisis Grant AL #93.959 – Block Grants for Prevention and Treatment of Substance Abuse
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES  
WAYNE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021  
(continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**Financial Reporting - Significant Deficiency**

In our audit engagement letter, as required by AU-C Section 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 Section 210 paragraphs .A14 & .A16.

Due to the lack of internal controls in place to ensure receipts, expenditures, and fund balances are properly classified on the financial statements, adjustments were posted to the financial statements and applicable footnote disclosures to remove the fund balance classification presented on the financial statements for the general fund in the amount of \$6,034,763, to comply with the reporting requirements disclosed in Auditor of State Bulletin 2020-008.

In addition, the Board did not properly implement Governmental Accounting Standards Board Statement No. 84, as codified in GASB Co1300, in the June 30, 2021 financial report based on the guidance provided in Auditor of State Bulletin 2020-003. The fiduciary fund was incorrectly reported as an Agency Fund throughout the financial statements and note disclosures rather than a Custodial Fund. In addition there was not a note disclosure included that discussed the implementation of Governmental Accounting Standards Board Statement No. 84.

Lack or failure of controls over financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the Board's Business Manager to implement or improve internal controls over financial reporting to help ensure accurate posting of all transactions to the financial statements.

**Officials' Response:** We were not aware of the release of this bulletin and therefore going forward we will make sure to review all accounting updates and reference materials provided by the Auditor of State.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None



# OHIO AUDITOR OF STATE KEITH FABER



**MENTAL HEALTH AND RECOVERY BOARD OF WAYNE AND HOLMES COUNTIES**

**WAYNE 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 10/11/2022**

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

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