



**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
(FORMERLY KNOWN AS MENTAL HEALTH AND RECOVERY SERVICES
BOARD OF SENECA, SANDUSKY, AND WYANDOT COUNTIES)
SENECA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY
DECEMBER 31, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	5
Statement of Activities – Cash Basis	6
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances Governmental Funds	7
Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balances Governmental Funds	8
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund	9
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis State Per Capita Fund	10
Statement of Changes in Fiduciary Net Position – Cash Basis	11
Notes to the Basic Financial Statements	12
Schedule of Expenditures of Federal Awards	25
Notes to the Schedule of Expenditures of Federal Awards	26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27
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	29
Schedule of Findings	33
Corrective Action Plan	36

This page intentionally left blank.

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 Services Board
of Seneca, Ottawa, Sandusky and Wyandot Counties
Seneca County
1200 North State Route 53
Tiffin, Ohio 44883-9799

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, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky and Wyandot Counties, Seneca County, Ohio (the Board), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board, as of December 31, 2021, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the General and State Per Capita funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the 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 (are) not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2022, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

July 26, 2022

This page intentionally left blank.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 8,220,829
Net position:	
Restricted for:	
Mental health services	595,871
Alcohol and drug addiction services	1,268,144
Unrestricted	6,356,814
Total net position	\$ 8,220,829

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions
			Governmental Activities
Governmental activities:			
Mental health services:			
Title XX	\$ 58,026	\$ -	\$ 72,330
ODMH Medicaid	8,558	-	-
Mental health block grant	47,597	-	102,816
Forensic services	163,213	-	169,195
Alcohol and drug addiction services:			
USDA grant	62,922	-	60,684
State per capita	904,654	-	946,046
Court referred driver	-	316	-
Treatment alternative street crime	210,817	-	210,817
Federal ADAMHS	430,733	-	495,522
Preventive state incentive	55,383	-	49,000
ODADAS Medicaid	1,535	-	-
Lotus recovery house	4,873	18,195	-
HRSA grant	74,656	-	84,000
Federal opioid specific grants	202,740	-	202,286
BWC substance use recover & workplace safety	2,963	-	20,000
Substance abuse mental health services:			
Administration	3,973,055	-	-
Total governmental activities	<u>\$ 6,201,725</u>	<u>\$ 18,511</u>	<u>\$ 2,412,696</u>
General receipts:			
Property taxes levied for:			
General purposes			2,111,590
Grants and entitlements not restricted to specific programs			1,853,745
Donations			4,591
Miscellaneous			53,784
Total general receipts			<u>4,023,710</u>
Special item - Ottawa County transfer of funds			1,684,885
Total general receipts and special item			<u>5,708,595</u>
Change in net position			1,938,077
Net position at beginning of year			<u>6,282,752</u>
Net position at end of year			<u>\$ 8,220,829</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	<u>General</u>	<u>State Per Capita</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 6,356,814	\$ 501,058	\$ 1,362,957	\$ 8,220,829
Fund balances:				
Restricted:				
Mental health services	\$ -	\$ -	\$ 595,871	\$ 595,871
Alcohol and drug addiction services	-	501,058	767,086	1,268,144
Assigned:				
Administration	1,578,274	-	-	1,578,274
Subsequent year appropriation	456,452	-	-	456,452
Unassigned	4,322,088	-	-	4,322,088
Total fund balances	<u>\$ 6,356,814</u>	<u>\$ 501,058</u>	<u>\$ 1,362,957</u>	<u>\$ 8,220,829</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	State Per Capita	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:				
Property and other local taxes	\$ 2,111,590	\$ -	\$ -	\$ 2,111,590
Intergovernmental	1,853,745	946,046	1,466,650	4,266,441
Donations	4,591	-	-	4,591
Charges for services	-	-	18,511	18,511
Miscellaneous	53,784	-	-	53,784
Total receipts	<u>4,023,710</u>	<u>946,046</u>	<u>1,485,161</u>	<u>6,454,917</u>
Disbursements:				
Current:				
Mental health services:				
Title XX	-	-	58,026	58,026
ODMH Medicaid	-	-	8,558	8,558
Mental health block grant	-	-	47,597	47,597
Forensic services	-	-	163,213	163,213
Alcohol and drug addiction services:				
USDA grant	-	-	62,922	62,922
State per capita	-	904,654	-	904,654
Treatment alternative street crime	-	-	210,817	210,817
Federal ADAMHS	-	-	430,733	430,733
Preventive state incentive	-	-	55,383	55,383
ODADAS Medicaid	-	-	1,535	1,535
Lotus recovery house	-	-	4,873	4,873
HRSA grant	-	-	74,656	74,656
Federal opioid specific grants	-	-	202,740	202,740
BWC substance use recover & workplace safety	-	-	2,963	2,963
Substance abuse mental health services:				
Administration	3,973,055	-	-	3,973,055
Total disbursements	<u>3,973,055</u>	<u>904,654</u>	<u>1,324,016</u>	<u>6,201,725</u>
Excess of receipts over disbursements	<u>50,655</u>	<u>41,392</u>	<u>161,145</u>	<u>253,192</u>
Other financing sources (uses):				
Transfers in	-	-	190,000	190,000
Transfers (out)	(190,000)	-	-	(190,000)
Total other financing sources (uses)	<u>(190,000)</u>	<u>-</u>	<u>190,000</u>	<u>-</u>
Special item - Ottawa County transfer of funds	<u>1,684,885</u>	<u>-</u>	<u>-</u>	<u>1,684,885</u>
Net change in fund balances	1,545,540	41,392	351,145	1,938,077
Fund balances at beginning of year	<u>4,811,274</u>	<u>459,666</u>	<u>1,011,812</u>	<u>6,282,752</u>
Fund balances at end of year	<u>\$ 6,356,814</u>	<u>\$ 501,058</u>	<u>\$ 1,362,957</u>	<u>\$ 8,220,829</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property and other local taxes	\$ 2,069,688	\$ 2,111,590	\$ 2,111,590	\$ -
Intergovernmental	1,975,893	1,853,745	1,853,745	-
Donations	5,000	4,591	4,591	-
Miscellaneous	83,000	53,784	53,784	-
Total receipts	<u>4,133,581</u>	<u>4,023,710</u>	<u>4,023,710</u>	<u>-</u>
Disbursements:				
Current:				
Substance abuse mental health services:				
Administration	5,666,010	6,592,731	5,551,329	1,041,402
Excess of disbursements over receipts	<u>(1,532,429)</u>	<u>(2,569,021)</u>	<u>(1,527,619)</u>	<u>1,041,402</u>
Other financing (uses):				
Transfer out	-	(180,000)	(190,000)	(10,000)
Special item - Ottawa County transfer of funds	-	1,684,885	1,684,885	-
Net change in fund balance	(1,532,429)	(1,064,136)	(32,734)	1,031,402
Unencumbered fund balance at beginning of year	3,440,999	3,440,999	3,440,999	-
Prior year encumbrances appropriated	1,370,275	1,370,275	1,370,275	-
Unencumbered fund balance at end of year	<u>\$ 3,278,845</u>	<u>\$ 3,747,138</u>	<u>\$ 4,778,540</u>	<u>\$ 1,031,402</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STATE PER CAPITA FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 436,281	\$ 946,046	\$ 946,046	\$ -
Disbursements:				
Current:				
Alcohol and drug addiction services:				
State per capita	1,011,092	1,250,355	988,090	262,265
Net change in fund balance	(574,811)	(304,309)	(42,044)	262,265
Unencumbered fund balance at beginning of year	280,864	280,864	280,864	-
Prior year encumbrances appropriated	178,802	178,802	178,802	-
Unencumbered fund balance (deficit) at end of year	<u>\$ (115,145)</u>	<u>\$ 155,357</u>	<u>\$ 417,622</u>	<u>\$ 262,265</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
DECEMBER 31, 2021

	Custodial
Additions:	
Other	\$ 12,833
Deductions:	
Distributions as fiscal agent	40,134
Net change in fiduciary net position	(27,301)
Net position at beginning of year	27,301
Net position at end of year	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1 - REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky, and Wyandot Counties, Seneca County, Ohio (the Board) as a body corporate and politic. A seventeen-member Board is the governing body. Nine members of the Board are appointed by the Board of County Commissioners from the respective counties of which members are residents, and eight members are appointed by the State of Ohio, Department of Mental Health and Addiction Services. The Board provides alcohol, drug addiction and mental health services and programs to citizens of the Board. Private and public agencies are the primary service providers, through Board contracts.

The Ohio Department of Mental Health and Addiction Services as well as the County Commissioners in Seneca, Sandusky, and Wyandot Counties approved Ottawa County to join the Board effective October 1, 2021. Therefore, the Board moved from a three-county board to a four-county board. The Board's official name changed to the Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky, and Wyandot Counties. The transfer of funds from the previous Mental Health and Recovery Board of Erie and Ottawa Counties are reflected as a special item on the statement of activities – cash basis, the statement of receipts, disbursements and changes in cash basis fund balances – governmental funds, and the statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis – General fund financial statements.

A. Primary Government

The Board plans for, contracts for, monitors, and evaluates services to and is a joint venture of Seneca, Ottawa, Sandusky, and Wyandot Counties. The counties share in the equity of the Board based on the percentage of the population within the four counties. The population in each of the joint venture participants is: Seneca County 55,069 (31.25%), Ottawa County 40,364 (22.90%), Sandusky County 58,896 (33.42%), and Wyandot County 21,900 (12.43%).

The Seneca County Auditor acts as fiscal agent for the Board and the Seneca County Treasurer acts as custodian of all funds.

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

B. Component Units

Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable for an organization if the Board appoints a voting majority of the organization's governing board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access the organization's resources; or (3) the Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Board, are accessible to the Board, and are significant in amount to the Board and organizations for which the nature and significance of their relationship with the Board are such that exclusion would cause the Board's basic financial statements to be misleading or incomplete. The Board has no component units.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

C. Related Organization

Seneca County Health Alliance

On February 1, 2013, the Board assumed fiscal responsibilities for the Seneca County Health Alliance (the Alliance). On December 1, 2021, the Seneca County District Board of Health assumed fiscal responsibilities for the Alliance from the Board. During 2021, the Board disbursed \$37,634 to the Seneca County District Board of Health. This amount is included in other deductions on the statement of changes in fiduciary net position – cash basis.

The Alliance is made up of public and private entities that contribute to the public's health and well-being throughout the community. Members include hospitals, mental health providers, the City of Tiffin, the Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky and Wyandot Counties, Community Health Services, Community Hospice Care by Stein, Firelands Counseling and Recovery Services, Fostoria City Schools, Great Lakes Community Action Partnership, Heidelberg University, H.O.P.E. in Fostoria/Community Action for Reducing Substance Abuse, Mercy Health - Tiffin Hospital, Ohio State University Extension, Seneca County, ProMedica Fostoria Community Hospital, Seneca County Department of Job and Family Services, Seneca County Family and Children First Council, Seneca County Juvenile Court, Seneca County Sheriff's Office, Tiffin City Schools, Tiffin Community Health Center, Tiffin Community YMCA, Tiffin-Seneca United Way and other local companies and organizations.

The Alliance was formed for the purposes of conducting local health assessments and developing a comprehensive strategic plan based on the assessment findings. Accounting records for the Alliance are maintained in a custodial fund of the Board. Financial information for the Alliance may be obtained by contacting the Executive Director of the Seneca County Board of Health.

Financial information for the Alliance may be obtained by contacting Anne Goon, Health Commissioner of the Seneca County District Board of Health, 71 South Washington Street, Suite 1102, Tiffin, Ohio 44883-2359.

D. Public Entity Risk Pool

The Board participates in the County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. Note 8 provides additional information for this entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, 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). GAAP includes 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.

A. Basis of Presentation

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

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

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. The statements show those activities of the Board that are governmental. Governmental activities generally are financed through intergovernmental receipts or other nonexchange transactions.

The statement of net position - cash basis presents the cash balance of the governmental activities of the Board at year-end. The statement of activities - cash basis 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 requirements of 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 Financial Statements

During the year, the Board segregates transactions related to certain Board functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use.

Governmental Funds

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

General Fund - The General fund accounts for and reports all financial resources, except those required to be accounted for in another fund. The General fund balance is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

State Per Capita Fund - The State Per Capita fund is used to account for state grants that are restricted for gambling addiction prevention and treatment.

The other governmental funds of the Board are used to account for and report grants and other resources, the use of which is restricted for a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. The Board's only fiduciary fund is a custodial fund which accounts for funds of the Seneca County Health Alliance, for which the Board served as the fiscal agent.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

C. 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 incurred.

As a result of the use of this cash basis of accounting, certain assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the effects of these items on revenues and expenses are not recorded in these financial statements.

D. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Board. 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 amounts reported as the final budgeted amounts represent the final appropriations passed by the Board during the year.

E. Cash and Investments

In accordance with the Ohio Revised Code, the Board's cash is held and invested by the Seneca County Treasurer, who acts as custodian for the Board's monies. The Board's assets are held in the County Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount. Individual fund integrity is maintained through Board records.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Board had no restricted assets at December 31, 2021.

G. 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.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

H. 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 9 and 10, the employer contributions include portions for pension benefits and for other postretirement benefits (OPEB).

I. Net Position

Net position is reported as restricted to the extent of limitations imposed on its use, either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes monies held in the private-purpose trust fund for mental health assistance.

The Board's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

J. 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 classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The Board had no nonspendable fund balance at December 31, 2021.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a 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. The Board had no committed fund balance at December 31, 2021.

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 the General fund, assigned amounts include those approved through the Board's formal purchasing procedure and those required for subsequent year appropriations.

Unassigned - Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

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

K. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Ohio Department of Mental Health and Addiction Services as well as the County Commissioners in Seneca, Sandusky, and Wyandot Counties approved Ottawa County to join the Board effective October 1, 2021. Therefore, the Board moved from a three-county board to a four-county board. The Board's official name changed to the Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky, and Wyandot Counties. The transfer of funds from the previous Mental Health and Recovery Board of Erie and Ottawa Counties are reflected as a special item on the statement of activities – cash basis, the statement of receipts, disbursements and changes in cash basis fund balances – governmental funds, and the statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis – General fund financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2021, the Board has implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. Since the Board does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 89 did not have an effect on the financial statements of the Board.

For 2021, the Board has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncements are postponed by one year and the Board has elected delaying implementation until the fiscal year ended December 31, 2022:

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the Board has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

NOTE 4 - 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 receipts, disbursements and changes in fund balance - budget basis presented for the General fund and the State Per Capita fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements on a budgetary basis but are not on the cash basis of accounting. The encumbrances outstanding at year end (budgetary basis) amounted to \$1,578,274 for the General fund and \$83,436 for the State Per Capita fund.

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility located in the Board. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. All property is required to be revaluated every six years. 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.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The full tax rate for all Board operations for the year ended December 31, 2021 was \$0.70, \$1.20, \$0.65, and \$0.60 per \$1,000 of assessed value for Seneca, Ottawa, Sandusky and Wyandot Counties, respectively. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

	Seneca County		Ottawa County	
Real property	\$1,056,100,580	72.63%	\$ 1,864,142,240	91.86%
Public utility personal property	397,894,550	27.37%	165,291,810	8.14%
Total assessed valuation	<u>\$1,453,995,130</u>	<u>100.00%</u>	<u>\$ 2,029,434,050</u>	<u>100.00%</u>

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

	Sandusky County		Wyandot County	
Real property	\$1,221,040,080	75.50%	\$ 536,319,700	93.80%
Public utility personal property	396,256,350	24.50%	35,426,810	6.20%
Total assessed valuation	\$1,617,296,430	100.00%	\$ 571,746,510	100.00%

NOTE 6 - INTERFUND TRANSACTIONS

Transfers

Interfund transfers for the year ended December 31, 2021, consisted of the following, as reported on the fund statements:

<u>Transfers from the General fund to:</u>	
Nonmajor special revenue	\$ 190,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 7 - 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 2021, the Board contracted with County Risk Sharing Authority, Inc. (CORSA) for insurance coverage. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

General Liability	\$1,000,000
Employee Benefit Liability	1,000,000
Law Enforcement Professional Liability	1,000,000
Public Officials Error and Omissions Liability	1,000,000
Automobile Liability	1,000,000
Uninsured Motorist Liability	250,000
Ohio Stop GAP	1,000,000
Building and Contents	Replacement Cost
Flood and Earthquake	100,000,000
Crime Insurance	1,000,000

The Board issues against injuries to employees through the Ohio Bureau of Workers' Compensation.

Settled claims have not exceeded coverage in any of the last three years. There has been no significant reduction in insurance coverage from last year.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

NOTE 8 – PUBLIC ENTITY RISK POOL

The Board is a member of the County Risk Sharing Authority (CORSA), which is a public entity risk sharing pool of thirty-nine counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance. Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. Financial statements may be obtained by contacting the County Commissioners Association of Ohio in Columbus, Ohio.

NOTE 9 - DEFINED BENEFIT PENSION PLAN

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Board employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS 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. 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 Report referenced above for additional information, including requirements for reduced and unreduced benefits):

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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.

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 initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides 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 subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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. 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), 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.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

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

	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2021 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0 %
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Board's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$59,353 for 2021.

NOTE 10 - DEFINED BENEFIT OPEB PLAN

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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 and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2021, OPERS did not allocate any employer contributions to post-employment health care.

NOTE 11 - CONTINGENCIES AND GRANTS

The Board receives significant financial assistance from numerous federal, State, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Board; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Board.

NOTE 12 - COMMITMENTS

The Board utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Board's commitments for encumbrances in the governmental funds were as follows:

General fund	\$ 1,578,274
State Per Capita fund	83,436
Nonmajor governmental funds	<u>237,650</u>
Total	<u>\$ 1,899,360</u>

NOTE 13 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments entered into property tax abatement agreements with property owners under Enterprise Zone Agreements (EZAs) and the Ohio Community Reinvestment Area (CRA) program with the taxing districts of the Board. The EZAs and CRA program are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the Board, the City of Tiffin, the City of Fostoria, the City of Clyde, the City of Fremont, the City of Bellevue, Ballville Township, Hopewell Township, Madison Township and Gibsonburg Village have entered into such agreements. Under these agreements, the Board's property taxes were reduced by \$22,325. The Board is not receiving any amounts from these other governments in association with the forgone property tax revenue. Ottawa and Wyandot Counties' reduced property taxes are \$5,454 and \$2,500, respectively.

NOTE 14 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Board received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Board. The impact on the Board's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Great Lakes Community Action Partnership</i>				
Rural Community Development Initiative	10.446	84 FR 11493-11502	\$ 27,293	\$ 62,922
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through Sandusky County Combined General Health District</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	5H79SP081382-01 5H79SP081382-02	8,000	12,368 30,000
<i>Passed Through Ohio Department of Mental Health and Addiction Services</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2100375	2,201	13,000
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance			<u>10,201</u>	<u>55,368</u>
Social Services Block Grant	93.667	SSBG G-2001OHSOSR	58,026	58,026
Opioid STR	93.788	2100742	35,090	35,090
Opioid STR	93.788	2100744	122,587	166,609
Total Opioid STR			<u>157,677</u>	<u>201,699</u>
Block Grants for Community Mental Health Services	93.958	3A90	43,096	47,597
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2100190	159,812	159,812
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2200059	51,004	51,004
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3G40 336618	415,438	430,734
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>626,254</u>	<u>641,550</u>
<i>Passed through Pacific Institute for Research and Evaluation</i>				
Telehealth Programs	93.211	GA1RH33532	4,244	74,656
Total U.S. Department of Health and Human Services			<u>899,498</u>	<u>1,078,896</u>
Total Expenditures of Federal Awards			<u>\$ 926,791</u>	<u>\$ 1,141,818</u>

The accompanying notes are an integral part of this schedule.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky, and Wyandot Counties, Seneca County, Ohio (the Board's) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the 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 Great Lakes Community Action Partnership, Sandusky County Combined General Health District, the Ohio Department of Mental Health and Addiction Services, and Pacific Institute for Research and Evaluation 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.

**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 Services Board
of Seneca, Ottawa, Sandusky and Wyandot Counties
Seneca County
1200 North State Route 53
Tiffin, Ohio 44883-9799

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky and Wyandot Counties, Seneca County, Ohio (the Board) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated July 26, 2022 wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Board.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 2021-001 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 findings identified in our audit and described in the accompanying schedule of findings and 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

July 26, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

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 Services Board
of Seneca, Ottawa, Sandusky and Wyandot Counties
Seneca County
1200 North State Route 53
Tiffin, Ohio 44883-9799

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 Services Board of Seneca, Ottawa, Sandusky and Wyandot Counties, Seneca County, Ohio's (the Board) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky and Wyandot Counties' major federal program for the year ended December 31, 2021. Mental Health and Recovery Services Board of Seneca, Ottawa, Sandusky and Wyandot 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 Services Board of Seneca, Ottawa, Sandusky and Wyandot 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, 2021.

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

July 26, 2022

This page intentionally left blank.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, OTTAWA, SANDUSKY, AND WYANDOT COUNTIES
SENECA COUNTY**

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

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)?	Yes
(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):	Block Grants for Prevention and Treatment of Substance Abuse – AL #93.959
(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 2021-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required meet the obligation or, the case of continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing units may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Board.

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, the Board was not properly identifying "blanket" certificates from regular treasurer's certificates, and these are not properly closed out at year end, resulting in General fund and State Per Capita budgetary expenditures being overstated by \$42,413, and \$192,415, respectively. Furthermore, there were two purchase orders for blanket vendors that were open at the same time and included the same line item appropriation. The Board has also not adopted a resolution or ordinance establishing a maximum limit for blanket certificates.

Unless evidence exists that the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. The exceptions that are used, such as “blanket” certificates, should be used in accordance with law. To improve controls over disbursements and to help reduce the possibility of the Board’s funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Board. When prior certification is not possible, “then and now” certification should be used.

Officials’ Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None



**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2021**

Finding Number: 2021-001
Planned Corrective Action: On July 19, 2022, the Board met with the Ohio Auditor of State and the Seneca County Auditor staff to discuss the current audit findings, county fiscal practices, and what procedures need to be implemented to avoid any future findings pertaining to purchase orders. The Board understands that while this practice didn't create any findings in the previous years, it needs to be changed and revised in order to comply with Ohio Revised Code regulations. The Board will work closely with the Seneca County Auditor to ensure that new practices pertaining to purchase orders will be implemented prior to year-end to avoid any future findings.
Anticipated Completion Date: December 31, 2022
Responsible Contact Person: Mircea Handru, Executive Director

OHIO AUDITOR OF STATE KEITH FABER



**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF SENECA, OTTAWA, SANDUSKY AND
WYANDOT COUNTIES**

SENECA 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 8/9/2022

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