

**MENTAL HEALTH AND RECOVERY FOR
LICKING AND KNOX COUNTIES**

LICKING COUNTY, OHIO

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Mental Health and Recovery for Licking and Knox Counties
1435-B West Main Street
Newark, Ohio 43055

We have reviewed the *Independent Auditor's Report* of the Mental Health and Recovery for Licking and Knox Counties, Licking County, prepared by Julian & Grube, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 28, 2024

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**MENTAL HEALTH AND RECOVERY FOR LICKING AND KNOX COUNTIES
LICKING COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report.....	1 - 3
Financial Statement:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.....	4
Notes to the Financial Statement.....	5 - 11
Supplementary Information:	
Schedule of Expenditures of Federal Awards.....	12
Notes to the Schedule of Expenditures of Federal Awards 2 <i>CFR</i> 200.510(b)(6).....	13
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statement Performed in Accordance With <i>Government Auditing Standards</i>	14 - 15
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	16 - 18
Schedule of Findings 2 <i>CFR</i> § 200.515.....	19

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Independent Auditor's Report

Mental Health and Recovery for Licking and Knox Counties
Licking County
1435-B West Main Street
Newark, OH 43055

To the Members of the Board of Trustees:

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying financial statement of the Mental Health and Recovery for Licking and Knox Counties, Licking County, Ohio, which comprises the cash balances, receipts, and disbursements for each governmental fund type for the year ended December 31, 2023, and the related notes to the financial statement.

Unmodified Opinions on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental fund type of the Mental Health and Recovery for Licking and Knox Counties, as of and for the year ended December 31, 2023 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as described in Note 2.

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" section of our report, the accompanying financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Mental Health and Recovery for Licking and Knox Counties, as of December 31, 2023, or changes in net position, thereof for the year then ended.

Basis for Opinions

We conducted our audit 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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statement" section of our report. We are required to be independent of the Mental Health and Recovery for Licking and Knox Counties 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.

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

As described in Note 2 of the financial statement, the financial statement is prepared by the Mental Health and Recovery for Licking and Knox Counties on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Though the Mental Health and Recovery for Licking and Knox Counties does not intend this statement 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 opinions on this accounting basis are in the "Unmodified Opinions on Regulatory Basis of Accounting" paragraph above.

Emphasis of Matter

As discussed in Note 14 to the financial statement, the Mental Health and Recovery for Licking and Knox Counties changed from the cash basis of accounting where the cash basis financial statements were presented in a GASB 34-like format to the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatements, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mental Health and Recovery for Licking and Knox Counties' 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 Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is 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 generally accepted auditing standards 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 statement.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

Mental Health and Recovery for Licking and Knox Counties
Licking County
Independent Auditor's Report

- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 Mental Health and Recovery for Licking and Knox Counties' 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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mental Health and Recovery for Licking and Knox Counties' 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 for the purpose of forming opinions on the financial statement that collectively comprise the Mental Health and Recovery for Licking and Knox Counties' financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statement. 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 financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statement as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024 on our consideration of the Mental Health and Recovery for Licking and Knox Counties' internal control over financial reporting and on 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 Mental Health and Recovery for Licking and Knox Counties' 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 Mental Health and Recovery for Licking and Knox Counties' internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 17, 2024

MENTAL HEALTH & RECOVERY FOR LICKING AND KNOX COUNTIES

Licking County, Ohio

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2023

	General Fund
Cash Receipts	
Property & Other Local Taxes	\$5,181,377
Intergovernmental	6,291,277
Donations	55,000
Rental Receipts	18,000
Reimbursements	217,344
	<hr/>
<i>Total Cash Receipts</i>	<i>\$11,762,999</i>
Cash Disbursements	
Current:	
Health:	
Salaries	447,342
Public Employees Retirement	58,217
Hospitalization	68,518
Workers' Compensation	7,110
Medicare	6,216
Travel and Expense	9,696
Supplies	3,272
Utilities/Phone	11,346
Office Space Rental	52,483
Other Operational Expenses	403,754
Program & Contract Services	10,025,022
	<hr/>
<i>Total Cash Disbursements</i>	<i>11,092,976</i>
<i>Net Change in Fund Cash Balances</i>	<i>\$670,023</i>
<i>Fund Cash Balances, January 1</i>	<i>14,982,319</i>
	<hr/>
<i>Fund Cash Balances, December 31</i>	<i>\$15,652,342</i>

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

MENTAL HEALTH & RECOVERY FOR LICKING AND KNOX COUNTIES

Licking County, Ohio

Notes to the Financial Statement

For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mental Health & Recovery for Licking and Knox Counties, (the Board) as a body corporate and politic. An eighteen-member Board is the governing Body. The Board's Director and the legislative authorities of the political subdivisions making up the Board appoint the other Board members. The Board includes members from those legislative authorities as well as citizens of the Board. Those subdivisions are the Ohio Department of Mental Health and Addiction Services and the Licking and Knox County Commissioners. 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 Board's management believes this financial statement presents all activities for which the Board is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

The Board uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the Board is maintained by the Licking County Auditor (as needed) and is presented below:

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

Basis of Accounting

This financial statement follows 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). 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

This statement includes 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(C) permit.

MENTAL HEALTH & RECOVERY FOR LICKING AND KNOX COUNTIES

Licking County, Ohio

Notes to the Financial Statement

For the Year Ended December 31, 2023

Budgetary Process

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

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments.

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

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 2023 budgetary activity appears in Note 3.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

Leases and SBITAs

The Board is the lessor/lessee in various leases (as defined by GASB 87) related to buildings and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

The Board has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

Fund Balance

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

Nonspendable - The Board classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Board and the nonspendable portion of the corpus in permanent funds.

MENTAL HEALTH & RECOVERY FOR LICKING AND KNOX COUNTIES

Licking County, Ohio

Notes to the Financial Statement

For the Year Ended December 31, 2023

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.

Committed - Trustees can *commit* amounts via formal action (resolution). The Board must adhere to these commitments unless the Trustees 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.

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

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications.

The Board applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$11,196,023	\$11,762,999	\$566,976
Total	\$11,196,023	\$11,762,999	\$566,976

2023 Budgeted vs Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$16,312,892	\$11,759,223	\$4,553,669
Total	\$16,312,892	\$11,759,223	\$4,553,669

MENTAL HEALTH & RECOVERY FOR LICKING AND KNOX COUNTIES

Licking County, Ohio

Notes to the Financial Statement

For the Year Ended December 31, 2023

Note 4 – Deposits and Investments

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

Note 5 – Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the respective 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.

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

The Licking and Knox Counties are responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Board.

Note 6 – Interfund Balances

Because the Board only utilized one fund (the General fund) in 2023, there were no outstanding advances at December 31, 2023 with any other funds.

Note 7 – Risk Management

Workers' Compensation

In 2023, the Board participated in Licking County's Workers' Compensation Program. Worker Compensation annual charges are provided by the State's BWC to Licking County. The County allocates these annual charges based upon eligible wages per fund, as a percentage of total eligible wages. Any subsequent rebates or credits are also applied in this matter.

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Hired and non-owned vehicles; and
- Errors and omissions.

There have been no significant reductions in insurance coverage during 2023. Settled claims have not exceeded commercial excess coverage in any of the past three years.

MENTAL HEALTH & RECOVERY FOR LICKING AND KNOX COUNTIES

Licking County, Ohio

Notes to the Financial Statement

For the Year Ended December 31, 2023

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All employees of the Board 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 postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Board contributed an amount equaling 14 percent of participants' gross salaries. The Board has paid all contributions required through December 31, 2023.

Note 9 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions allocated to health care for members in the member-directed plan was 4 percent; however, a portion of the health care rate was funded with reserves.

Note 10 – Contingent Liabilities

Grants

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.

Litigation

The Board does not currently have any current or pending litigation. In addition, the Board is unaware of any potential liability that would have a material effect on the financial position or activities of the Board.

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MENTAL HEALTH & RECOVERY FOR LICKING AND KNOX COUNTIES

Licking County, Ohio

Notes to the Financial Statement

For the Year Ended December 31, 2023

Mortgage Note Amortization

The Board receives Capital Funds from Ohio Department of Mental Health (ODMH) and ODMH’s Successor Department, Ohio Mental Health and Addiction Services “OhioMHAS” used for capital expenses. In order to assure that the funds are only used for the original purposes, ODMH and OhioMHAS have required the Board to enter into long-term Mortgage Note amortization agreements. The current balances of these Note Agreements at December 31, 2023 are as follows:

<u>Governmental Activities</u>	<u>Years</u>	<u>Interest Rate</u>	<u>Balance at 12/31/22</u>	<u>2023 Additions</u>	<u>2023 Sales-Transfers</u>	<u>2023 Note Reductions</u>	<u>Balance at 12/31/23</u>	<u>Due within one year</u>
1995 River Valley Note	40	0%	\$56,700	\$0	\$0	(\$4,725)	\$51,975	\$4,725
2001 River Valley Note	40	0%	32,775	0	0	(1,725)	31,050	1,725
1998 Main Place Note	40	0%	89,812	0	0	(5,987)	83,825	5,988
2010 Main Place Note	40	0%	216,350	0	0	(7,989)	208,361	7,989
Total Notes			\$395,637	\$0	\$0	(\$20,426)	\$375,211	\$20,427

The properties purchased with OhioMHAS Capital Funds are intended to provide and support grant program services; therefore, for each year the site and property is used in this manner, the fixed payment is forgiven (amortized) based on an amortization schedule provided by ODMH/OhioMHAS. If the Board ceased to use the property for specified services, the remaining unamortized balance will be due and the Board would be liable for the payment unless other arrangements for the property are agreed to with OhioMHAS. The Board does not anticipate any change in the use of these properties. Since the Board anticipates using the remaining properties for the agreed-upon specified services, no amortization schedules are presented as no future cash disbursements are anticipated.

Note 11 – Related Party Transactions

River Valley is a resident complex that Behavioral Health Care Partners of Central Ohio, Inc. (BHP), a provider agency of the Board, uses to provide Adult Care housing to program participants. In July 2014, the existing Lease Agreement was amended and restated to require BHP to pay rent of \$500 per month to the Board for real property on East Main Street in Newark and pay the Board \$20,000 to establish a Replacement Reserve benefiting the River Valley Facility and managed by the Board.

The Board entered into a lease agreement on July 1, 2010 with The Main Place, Inc. The lease agreement requires The Main Place to pay rent of \$1,000 per month to the Board for real property on Third Street and East Harrison in Newark, Ohio.

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MENTAL HEALTH & RECOVERY FOR LICKING AND KNOX COUNTIES

Licking County, Ohio

Notes to the Financial Statement

For the Year Ended December 31, 2023

Note 12 – Fund Balances

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

Fund Balances	General Fund	Total
Outstanding Encumbrances	\$666,247	\$666,247
Total Encumbrances 12/31/23	\$666,247	\$666,247

In the General fund, outstanding encumbrances are considered assigned.

Note 13 – COVID-19

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

Note 14 – Change in Presentation

For the year ended December 31, 2023, the Board made a change in presenting its financial activity from the cash basis of accounting where the cash basis financial statements were presented in a GASB 34-like format to the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. There was no effect on the Board’s beginning fund balances with the incorporation of this change in presentation.

SUPPLEMENTARY INFORMATION

**MENTAL HEALTH AND RECOVERY OF LICKING AND KNOX COUNTIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Awards</i>			
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	1 GA1RH39549-01-00	\$ 298,631
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	93.912	H7NRH45733-01-01	55,885
Total Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement			354,516
<i>Passed through the Ohio Department of Mental Health & Addiction Services</i>			
Block Grants for Community Mental Health Services	93.958	B09SM086030/B09SM087381	224,906
Block Grants for Prevention and Treatment of Substance Abuse - Prevention	93.959	B08TI084665/B08TI085827	171,553
Block Grants for Prevention and Treatment of Substance Abuse - Treatment	93.959	B08TI084665/B08TI085827	264,756
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse - Crisis Infrastructure	93.959	COVID-19, B08TI083541	50,000
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse - Treatment for Adults with Alcohol Use Disorder	93.959	COVID-19, B08TI083961	188,697
COVID-19 - Block Grants for Prevention and Treatment of Substance Abuse	93.959	COVID-19, B08TI083541/B08TI083961	59,208
Block Grants for Prevention and Treatment of Substance Abuse - Women's Treatment	93.959	B08TI084665/B08TI085827	137,130
Total Block Grants for Prevention and Treatment of Substance Abuse			871,344
COVID-19 - Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665	COVID-19, H79FG000202/ H79FG000645	76,779
Social Services Block Grant	93.667	2201OHSOSR/2301OHSOSR	179,555
Opioid STR	93.788	1H79TI083294-01	368,838
Opioid STR	93.788	1H79TI085753-01	934,103
Total Opioid STR			1,302,941
Total U.S. Department of Health and Human Services			3,010,041
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed through the Ohio Department of Mental Health & Addiction Services</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19, DMHF22CVD2	18,400
Total U.S. Department of the Treasury			18,400
Total Federal Financial Assistance			\$ 3,028,441

The accompanying notes are an integral part of this schedule.

**MENTAL HEALTH AND RECOVERY FOR LICKING AND KNOX COUNTIES
LICKING COUNTY, OHIO**

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

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mental Health and Recovery for Licking and Knox Counties under programs of the federal government for the year ended December 31, 2023 and is prepared in accordance with the cash basis of accounting. 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 Mental Health and Recovery for Licking and Knox Counties, it is not intended to and does not present the financial position or changes in net position of the Mental Health and Recovery for Licking and Knox Counties. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Mental Health and Recovery for Licking and Knox Counties has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of the Financial Statement Performed in Accordance With
*Government Auditing Standards***

Mental Health and Recovery for Licking and Knox Counties
Licking County
1435-B West Main Street
Newark, OH 43055

To the Members of the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the cash balances, receipts, and disbursements for each governmental fund type of the Mental Health and Recovery for Licking and Knox Counties, Licking County, Ohio, as of and for the year ended December 31, 2023, and the related notes to the financial statement and have issued our report thereon dated May 17, 2024, wherein we noted as described in Note 2 to the financial statement, the Mental Health and Recovery for Licking and Knox Counties followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Additionally, as described in Note 14 to the financial statement, the Mental Health and Recovery for Licking and Knox Counties changed from the cash basis of accounting where the cash basis financial statements were presented in a GASB 34-like format to the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Mental Health and Recovery for Licking and Knox Counties’ internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Mental Health and Recovery for Licking and Knox Counties’ internal control. Accordingly, we do not express an opinion on the effectiveness of the Mental Health and Recovery for Licking and Knox Counties’ 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 Mental Health and Recovery for Licking and Knox Counties’ financial statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Mental Health and Recovery for Licking and Knox Counties

Licking County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of the Financial Statement Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mental Health and Recovery for Licking and Knox Counties' financial statement is 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 statement. 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*.

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 Mental Health and Recovery for Licking and Knox Counties' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mental Health and Recovery for Licking and Knox Counties' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

May 17, 2024

**Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Mental Health and Recovery for Licking and Knox Counties
Licking County
1435-B West Main Street
Newark, OH 43055

To the Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Mental Health and Recovery for Licking and Knox Counties’ 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 each of the Mental Health and Recovery for Licking and Knox Counties’ major federal programs for the year ended December 31, 2023. The Mental Health and Recovery for Licking and Knox Counties’ major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

In our opinion, the Mental Health and Recovery for Licking and Knox Counties complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Mental Health and Recovery for Licking and Knox Counties 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 each major federal program. Our audit does not provide a legal determination of the Mental Health and Recovery for Licking and Knox Counties’ compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 Mental Health and Recovery for Licking and Knox Counties’ 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 Mental Health and Recovery for Licking and Knox Counties' 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 Mental Health and Recovery for Licking and Knox Counties' compliance with the requirements of each 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 Mental Health and Recovery for Licking and Knox Counties' 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 Mental Health and Recovery for Licking and Knox Counties' 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 Mental Health and Recovery for Licking and Knox Counties' 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 a 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.

Mental Health and Recovery for Licking and Knox Counties
Licking County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
May 17, 2024

**MENTAL HEALTH AND RECOVERY OF LICKING AND KNOX COUNTIES
LICKING COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinions</i>	GAAP – Adverse Regulatory - Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program(s) (listed):</i>	Opioid STR (ALN 93.788); and Block Grants for Prevention and Treatment of Substance Abuse (ALN 93.959)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A:>\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



MENTAL HEALTH AND RECOVERY FOR LICKING AND KNOX COUNTIES

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/11/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov