



OHIO AUDITOR OF STATE
KEITH FABER



**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES
WARREN COUNTY
DECEMBER 31, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Governing Body:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Mental Health Recovery Board Serving Warren and Clinton Counties, Warren County, Ohio (the Recovery Board), which comprises the cash balances, receipts and disbursements for the governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements the governmental fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, 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 statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Recovery Board, as of December 31, 2021, or the changes in financial 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 (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 Recovery 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.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Recovery Board 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 an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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 Recovery 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 the financial audit standards in the Comptroller General of the United States' *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 Recovery 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 Recovery 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.

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

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 financial statements as a whole.

Emphasis of Matter

As discussed in Note 13 to the financial statements for the year ended December 31, 2021, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Recovery Board. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2022, on our consideration of the Recovery Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Recovery 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 Recovery Board's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
August 30, 2022

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES (Regulatory Cash Basis)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

Cash Receipts:	<u>12/31/2021</u>
Property Taxes	6,232,851
Intergovernmental	
Federal	1,494,684
State	5,532,301
Grants	311,701
Other Receipts	125,140
 <i>Total Cash Receipts</i>	 <u>13,696,677</u>
 Cash Disbursements:	
Current:	
Salaries & Fringe Benefits	1,126,711
Supplies & Materials	13,396
Purchased Services	601,819
Contract Disbursements - Federal	1,546,388
Contract Disbursements - State	4,620,879
Contract Disbursements - Local	3,971,280
Capital Equipment	21,775
Dues, Fees, Travel & Other	137,309
 <i>Total Cash Disbursements</i>	 <u>12,039,557</u>
 <i>Excess of Receipts Over(Under) Disbursements</i>	 <u>1,657,120</u>
 Other Financing Receipts:	
Reimbursements	4,092
 <i>Net Change in Fund Cash Balances</i>	 <u>1,661,212</u>
Fund Cash Balance, January 1, 2021	12,025,993
 Fund Cash Balance, December 31, 2021	 <u><u>13,687,205</u></u>

See accompanying notes to the basic financial statements

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

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

1. Reporting Entity

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

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

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

2. Summary of Significant Accounting Policies

A. Basis of Presentation

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

B. Fund Accounting

MHRB uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of MHRB are presented below:

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

C. Basis of Accounting

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

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

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

2. Summary of Significant Accounting Policies (Continued)

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

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2021 budgetary activity appears in Note 3.

E Capital Assets

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

F. Accumulated Leave

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

G. Debt

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

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

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

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

H. Fund Balance

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

1. Non-spendable

MHRB classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by MHRB and the nonspendable portion of the corpus in permanent funds. MHRB had no fund balances in this classification at December 31, 2021.

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

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

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

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

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$12,549,742	\$13,700,769	\$1,151,027
Total	<u>\$12,549,742</u>	<u>\$13,700,769</u>	<u>\$1,151,027</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$22,104,242	\$14,013,546	\$8,090,696
Total	<u>\$22,104,242</u>	<u>\$14,013,546</u>	<u>\$8,090,696</u>

4. Deposits and Investments

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

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by February 24. If the property owner elects to pay semiannually, the first half is due February 24. The second half payment is due the following July 28.

Public utilities are also taxed on personal and real property located within the MHRB's area.

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

6. Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. For 2021 OPERS members contributed 10 percent of their gross salaries and the Board contributed an amount equaling 14 percent of participants' gross salaries. The Board has paid all contributions required as of December 31, 2021.

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

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

7. Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for members in the member-directed plan was 4.0 percent during calendar year 2021.

8. Risk Management

Commercial Insurance

MHRB has obtained commercial insurance for the following risks:

- Commercial General Liability & Property
- Bond Insurance Employee Dishonesty
- Auto Liability

Risk Pool Membership

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

- General liability and casualty
- Public official's liability
- Employment related practices
- Cyber
- Auto Liability

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2020 (most recent information available):

Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

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

9. Contingent Liabilities

Lawsuit

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

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

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

9. Contingent Liabilities, continued

Grants

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

10. Lease Revenue

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

Talbert House (TH) – 2 year lease 7/1/21-6/30/23

- 204 Cook Road, Lebanon, Ohio

Butler Behavioral Health (BBH) – 2 year lease 7/1/21-6/30/23

- 212 Cook Road, Lebanon, Ohio

Rental Income for the year ended December 31, 2021 totaled \$125,140.

11. Long-Term Obligations

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

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

As of December 31, 2021, this obligation consisted of:

Mortgage, OhioMHAS, revised loan balance \$125,108, non-interest bearing note, forgiven by OhioMHAS in monthly installments of \$479, term expiring June 2028.	\$37,389
Location: 204 Cook Road, Lebanon, Ohio	

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

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

11. Long-Term Obligations, continued

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

Year Ending:	
12/31/22	\$ 5,752
12/31/23	\$ 5,752
12/31/24	\$ 5,752
12/31/25	\$ 5,752
2026-2028	<u>\$14,381</u>
Total	<u>\$37,389</u>

Principal forgiven by OhioMHAS during the year ended December 31, 2021 totaled \$5,752.

12. Fund Balance Classification

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

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

Fund Balance	<u>General Fund</u>
Assigned by:	
Outstanding Encumbrances	<u>\$ 1,973,989</u>
Total Assigned	<u>\$ 1,973,989</u>
Total	\$ 1,973,989

In the general fund, outstanding encumbrances are considered assigned.

13. COVID-19

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

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

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

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION				
<i>Passed Through Ohio Department of Mental Health and Addiction Services (OhioMHAS)</i>				
Block Grants for Community Mental Health Services				
Community Plan	93.958	N/A	\$196,509	\$196,509
Forensic	93.958	N/A	0	\$2,200
Forensic Centers Competency to Stand Trial Evaluations	93.958	N/A	0	\$14,175
Trauma Informed Care Training and Technical Assistance	93.958	N/A	0	\$5,000
Total Block Grants for Community Mental Health Services			196,509	217,884
Block Grants for Prevention and Treatment of Substance Abuse				
Per Capita/Youth Led Prevention	93.959	N/A	0	4,162
Per Capita/Prevention	93.959	N/A	151,536	163,345
Per Capita/Community Investments - Treatment	93.959	N/A	385,926	451,564
COVID-19 Emergency Funding - Crisis Infrastructure	93.959	N/A	25,000	25,000
Total Block Grants for Prevention and Treatment of Substance Abuse			562,462	644,071
Social Services Block Grant (Title XX)	93.667	N/A	125,226	125,226
State Targeted Response to the Opioid Crisis Grants - State Opioid Response	93.788	N/A	147,618	568,362
Emergency Grants to Address Mental Health and Substance Use Disorders During COVID-19				
Ohio Emergency COVID-19 - Crisis Response Project - Initial	93.665	N/A	24,542	24,542
Ohio Emergency COVID-19 - Crisis Response Project - Supplemental	93.665	N/A	9,050	14,481
Total - Emergency Grants to Address Mental Health and Substance Use Disorders During COVID-19			33,592	39,023
Mental Health Disaster Assistance and Emergency Mental Health				
Demonstration Grant - CCP/RSP	93.982	N/A	0	20,000
<i>Passed Through the Butler County Educational Services Center (BCESC)</i>				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances(SED) - Engage 2.0/MRSS	93.104	N/A	168,641	168,641
Total - Substance Abuse and Mental Health Services Administration			\$1,234,048	\$1,783,207
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES, CENTERS FOR DISEASE CONTROL AND PREVENTION				
<i>Direct Award:</i>				
Drug-Free Communities (DFC) Support Program	93.276	N/A	0	4,238
Total - Centers for Disease Control and Prevention			\$0	\$4,238
Total U.S. Department of Health and Human Services			\$1,234,048	\$1,787,445
U.S. DEPARTMENT OF THE TREASURY				
<i>Passed Through Ohio Department of Mental Health and Addiction Services (OhioMHAS)</i>				
The Coronavirus, Relief and Economic Security (CARES) Act				
COVID-19 Coronavirus Relief Fund-Indigent Patient Placement Funding	21.019	N/A	0	3,750
COVID-19 Coronavirus State and Local Fiscal Recovery Funds-Indigent Patient Placement Funding	21.027	N/A	0	7,500
Total U.S. Department of Treasury			\$0	\$11,250
Total Expenditures of Federal Awards			\$1,234,048	\$1,798,695

The accompanying notes are an integral part of this schedule.

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

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

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

MHRB has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

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

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States 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 statements of the cash balances, receipts, and disbursements for the governmental fund type as of and for the year ended December 31, 2021 and the related notes to the financial statement of the Mental Health Recovery Board Serving Warren and Clinton Counties, Warren County, (the Recovery Board) and have issued our report thereon dated August 30, 2022, wherein we noted the Recovery Board followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Recovery Board.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Recovery 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 Recovery Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Recovery 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 Recovery 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. 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Recovery 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*.

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 Recovery 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 Recovery Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
August 30, 2022



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

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

To the Board of Directors:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mental Health Recovery Board Serving Warren and Clinton Counties' (the Recovery 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 each of Mental Health Recovery Board Serving Warren and Clinton Counties' major federal programs for the year ended December 31, 2021. Mental Health Recovery Board Serving Warren and Clinton Counties' major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Mental Health Recovery Board Serving Warren and Clinton 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, 2021.

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 Recovery 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 each major federal program. Our audit does not provide a legal determination of the Recovery Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Recovery 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 Recovery 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 Recovery 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 Recovery Board's 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 Recovery 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 Recovery 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 Recovery 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
August 30, 2022

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**MENTAL HEALTH RECOVERY BOARD SERVING WARREN AND CLINTON COUNTIES
WARREN 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	Adverse under GAAP, unmodified under the regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	AL #93.959 Substance Abuse Block Grant AL #93.788 Targeted Response to Opioid Crisis
(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**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



MENTAL HEALTH RECOVERY BOARD SERVING WARREN & CLINTON COUNTIES

WARREN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/13/2022

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