



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties, Seneca County, Ohio (the Board), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties, Seneca County, Ohio, as of December 31, 2014, and the respective changes in cash financial position and the respective budgetary comparison for the General, State Per Capita, and Federal ADAMH Block Grant funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

### ***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### ***Supplemental and Other Information***

We audited to opine on the Board's financial statements that collectively comprise its basic financial statements. The Federal Awards Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

We applied no procedures to the Management's Discussion and Analysis presented on pages 5-11 of the report, and accordingly, we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2015, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 13, 2015

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**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
SENECA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED**

The discussion and analysis of the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties (the "Board") financial performance provides an overall review of the Board's financial activities for the year ended December 31, 2014, within the limitations of the Board's cash basis of accounting. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Board's financial performance.

**Financial Highlights**

Key financial highlights for the year 2014 are as follows:

- Net position decreased \$216,035 which represents a 5.90% decrease from 2013.
- General receipts accounted for \$2,555,565, or 65.10% of all receipts. Program specific receipts, in the form of charges for services and sales and operating grants and contributions, accounted for \$1,369,944, or 34.90% of total revenues of \$3,925,509.
- The Board had \$4,141,544 in disbursements related to governmental activities; program-specific charges for services, grants and contributions offset only \$1,369,944 of these disbursements. The Board's disbursements increased \$741,407 from the prior year. This increase primarily related to a 17.79% increase in administration disbursements and state per capita disbursements.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Board's cash basis of accounting.

**Report Components**

The statement of net position - cash basis and the statement of activities - cash basis provide information about the cash activities of the Board as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Board as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Board has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). Under the Board's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)

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

**Reporting the Board as a Whole**

The statement of net position - cash basis and the statement of activities - cash basis reflect how the Board performed financially during 2014, within the limitations of the cash basis of accounting. The statement of net position - cash basis presents the cash balances of the governmental activities of the Board at year-end. The statement of activities - cash basis compares disbursements with program receipts for each governmental activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Board's general receipts.

These statements report the Board's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are one way to measure the Board's financial health. Over time, increases or decreases in the Board's cash position is an indicator of whether the Board's financial health is improving or deteriorating. When evaluating the Board's financial condition, considerations include other non-financial factors as well, such as the Board's property tax base, the condition of the Board's capital assets, the reliance on non-local financial resources for operations, and the need for continued growth.

The statement of net position - cash basis and the statement of activities - cash basis present governmental activities, which include all the Board's services. The Board has no business-type activities.

**Reporting the Board's Most Significant Funds**

**Fund Financial Statements**

Fund financial statements provide detailed information about the Board's major funds - not the Board as a whole. The Board establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Board are governmental.

**Governmental Funds** - The Board's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Board's governmental operations and the mental health and alcohol and drug addiction services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Board's mental health and alcohol and drug addiction programs. The Board's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Board's major governmental funds are the general fund, state per capita fund, and the federal ADAMH block grant fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)

**Reporting the Board's Fiduciary Responsibilities**

The Board is the trustee, or fiduciary, for its trust agreement. This activity is presented as a private-purpose trust fund. The Board also serves as fiscal agent for the Seneca County Health Alliance (the "Alliance"). Records for the Alliance are maintained in an agency fund. The Board's fiduciary activities are reported in separate statements of fiduciary net position - cash basis and changes in fiduciary net position - cash basis. These activities are excluded from the Board's other financial statements because the assets cannot be utilized by the Board to finance its operations.

**The Board as a Whole**

Table 1 provides a summary of the Board's net position at December 31, 2014 and December 31, 2013 on a cash basis:

**Table 1  
Net Position**

	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b><u>Assets:</u></b>		
Equity in pooled cash and cash equivalents	\$ 3,443,411	\$ 3,659,446
<b><u>Net position:</u></b>		
Restricted	\$ 722,903	\$ 893,105
Unrestricted	2,720,508	2,766,341
Total net position	\$ 3,443,411	\$ 3,659,446

The Board's cash balance and net position at December 31, 2014 amounted to \$3,443,411. Of this amount, \$722,903 is restricted as to use.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)

Table 2 reflects the change in net position in 2014 and provides a comparison to 2013:

<b>Table 2</b>		
<b>Changes in Net Position - Cash Basis</b>		
	<b>Governmental Activities</b>	
	<b>2014</b>	<b>2013</b>
<b>Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 569	\$ 2,658
Operating grants and contributions	1,369,375	1,246,539
<b>Total program cash receipts</b>	<b>1,369,944</b>	<b>1,249,197</b>
General receipts:		
Property taxes	900,466	893,763
Grants and entitlements not restricted		
by specific program	1,645,919	1,453,828
Donations	100	440
Miscellaneous	9,080	3,344
<b>Total general receipts</b>	<b>2,555,565</b>	<b>2,351,375</b>
<b>Total receipts</b>	<b>3,925,509</b>	<b>3,600,572</b>
<b>Disbursements:</b>		
Mental health services:		
Medicaid	-	774
Net flex	-	114,451
Title XX	103,957	48,974
ODMH Medicaid	-	32,054
508 case management	-	5,564
Mental health block grant	123,974	53,026
Forensic services	8,244	3,100
Cultural competency	-	170
Alcohol and drug addition services:		
State per capita	542,251	149,442
Treatment alternative street crime	193,694	168,047
Federal ADAMHS	443,023	485,556
Preventive state incentive	101,970	126,051
ODADAS Medicaid	-	3,165
Ohio Traffic Safety	23,533	1,754
Substance abuse mental health services:		
Administration	2,600,898	2,208,009
<b>Total disbursements</b>	<b>4,141,544</b>	<b>3,400,137</b>
<b>Change in net position</b>	<b>(216,035)</b>	<b>200,435</b>
<b>Net position at beginning of year</b>	<b>3,659,446</b>	<b>3,459,011</b>
<b>Net position at end of year</b>	<b>\$ 3,443,411</b>	<b>\$ 3,659,446</b>

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)

In 2014, 65.10% of the Board's total receipts were from general receipts, consisting mainly of State grants and entitlements not restricted by specific programs, property taxes levied for general purposes, donations, and miscellaneous receipts. Charges for services and operating grant and contribution program receipts accounted for 34.90% of the Board's total receipts during 2014. These receipts consist primarily of operating grants from the State of Ohio and from the federal government.

During 2014, operating grant and contribution program receipts increased 9.85% due primarily to increased Medicaid funding across several of the Board's programs. Charges for services program receipts decreased \$2,089 from the prior year due to a reduction of local reimbursements for Medicaid services.

The Board recognized total governmental activities disbursements of \$4,141,544 during 2014. The largest portion of these disbursements related to administration, totaling \$2,600,898. These costs represent the costs to administer all programs not supported by special receipts and disbursements for services provided from the property taxes for mental health and alcohol and drug addiction services from Seneca, Sandusky, and Wyandot Counties. Disbursements also increased due to larger administration costs and an increase in state per capita funding.

**Governmental Activities**

The disbursements of the Board's governmental activities are supported directly through program-specific receipts, which consist primarily of funds designated by grantors for specific purposes. The net cost of the Board's services, or the amount by which disbursements relied on general receipts of the Board, was \$2,771,600 for 2014, or 66.92% of total governmental activities disbursements.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)

A comparison between the total cost of services and the net cost for both 2014 and 2013 is presented in Table 3.

**Table 3  
Governmental Activities**

	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>
Program disbursements:				
Mental health services:				
Medicaid	\$ -	\$ -	\$ 774	\$ (1,435)
Net flex	-	-	114,451	114,031
Title XX	103,957	17,470	48,974	(33,581)
ODMH Medicaid	-	-	32,054	10,848
508 case management	-	-	5,564	1,013
Mental health block grant	123,974	35,481	53,026	(35,550)
Forensic services	8,244	-	3,100	(4,121)
Cultural competency	-	-	170	170
Alcohol and drug addition services:				
State per capita	542,251	46,290	149,442	(48,006)
Court referred driver	-	(569)	-	(465)
Treatment alternative street crime	193,694	42,011	168,047	(14,008)
Federal ADAMHS	443,023	11,075	485,556	(32,537)
Preventive state incentive	101,970	19,645	126,051	(18,347)
ODADAS Medicaid	-	-	3,165	3,165
Ohio Traffic Safety	23,533	(701)	1,754	1,754
Substance abuse mental health services:				
Administration	2,600,898	2,600,898	2,208,009	2,208,009
Totals	<u>\$ 4,141,544</u>	<u>\$ 2,771,600</u>	<u>\$ 3,400,137</u>	<u>\$ 2,150,940</u>

**The Board's Funds**

Total governmental funds had receipts and other financing sources of \$3,940,009 and disbursements and other financing uses \$4,156,044. The fund balance of the general fund decreased due to higher Administration disbursements. In total, the cash fund balance of the general fund decreased \$45,833, from a cash balance of \$2,766,341 to \$2,720,508.

The state per capita fund recognized receipts of \$495,961 and disbursements of \$542,251 during 2014. In total, the state per capita's cash fund balance decreased \$46,290 from \$208,174 to a balance of \$161,884.

The federal ADAMH block grant fund recognized receipts of \$431,948 and disbursements of \$443,023 during 2014. In total, the federal ADAMH block grant fund's cash fund balance decreased \$11,075 from \$62,634 to a balance of \$51,559.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
SENECA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)

**General Fund Budgeting Highlights**

The Board's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of 2014, the Board amended its general fund budget numerous times. For the general fund, final budgeted receipts were \$2,577,580, which is 7.60% higher than original budgeted receipts of \$2,395,454. Actual receipts and other financing sources for fiscal year 2014 were \$2,562,565; this represents a \$15,015 decrease from final budgeted receipts.

General fund final budgeted disbursements and other financing uses were \$3,649,787, which were higher than original budgeted disbursements of \$3,195,385. Actual budget-basis disbursements and other financing uses for fiscal year 2014 totaled \$3,228,784 and were \$421,003 lower than in the final budget.

**Capital Assets**

The Board does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**Current Issues**

A major challenge for the Board is to provide quality treatment and prevention services to the public while complying with the restrictions imposed by limited, and in some cases shrinking, funding. The Board relies on allocations and grants through the Ohio Department of Mental Health and Addiction Services (ODMHAS) and is diligent in searching for new funding sources that are closely related to its mission in order to allow community programs to continue.

This Board has been quite concerned about the costs of continued Medicaid services provided in the State of Ohio. While it recognizes the value in consumers' ability to choose from a selection of many more providers for Medicaid services, a huge weight has been placed on the Board's shoulders to plan for services for which it has had no mechanism to plan accordingly, and for which it is obligated to dedicate limited resources. Beginning in fiscal year 2014, the State of Ohio will assume responsibility for Medicaid programs, which will significantly reduce the financial burden of Medicaid services imposed on the Board.

**Contacting the Board's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Board's finances and to reflect the Board's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mircea Handru, Executive Director, 1200 N. State Route 53, Tiffin, Ohio 44883-9799.

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

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2014

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 3,443,411
<b>Net position:</b>	
Restricted for:	
Mental health services	\$ 649,172
Alcohol and drug addiction services	73,731
Unrestricted	<u>2,720,508</u>
Total net position	<u>\$ 3,443,411</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Disbursements</u>	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental activities:</b>				
Mental health services:				
Title XX	\$ 103,957	\$ -	\$ 86,487	\$ (17,470)
Suicide Prevention	-	-	-	-
Mental health block grant	123,974	-	88,493	(35,481)
Forensic services	8,244	-	8,244	-
Alcohol and drug addition services:				
State per capita	542,251	-	495,961	(46,290)
Court referred driver	-	569	-	569
Treatment alternative street crime	193,694	-	151,683	(42,011)
Federal ADAMHS	443,023	-	431,948	(11,075)
Preventive state incentive	101,970	-	82,325	(19,645)
Ohio Traffic Safety	23,533	-	24,234	701
Substance abuse mental health services:				
Administration	2,600,898	-	-	(2,600,898)
Total governmental activities	<u>\$ 4,141,544</u>	<u>\$ 569</u>	<u>\$ 1,369,375</u>	<u>(2,771,600)</u>
<b>General receipts:</b>				
Property taxes levied for:				
General purposes				900,466
Grants and entitlements not restricted to specific programs				1,645,919
Donations				100
Miscellaneous				9,080
Total general receipts				<u>2,555,565</u>
Change in net position				(216,035)
<b>Net position at beginning of year</b>				<u>3,659,446</u>
<b>Net position at end of year</b>				<u>\$ 3,443,411</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

	<u>General</u>	<u>State Per Capita</u>	<u>Federal ADAMH Block Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents	\$ 2,720,508	\$ 161,884	\$ 51,559	\$ 509,460	\$ 3,443,411
<b>Fund balances:</b>					
Restricted:					
Mental health services	\$ -	\$ 161,884	\$ -	\$ 487,288	\$ 649,172
Alcohol and drug addiction services	-	-	51,559	22,172	73,731
Assigned:					
Administration	620,386	-	-	-	620,386
Subsequent year appropriation	32,024	-	-	-	32,024
Unassigned	2,068,098	-	-	-	2,068,098
Total fund balances	<u>\$ 2,720,508</u>	<u>\$ 161,884</u>	<u>\$ 51,559</u>	<u>\$ 509,460</u>	<u>\$ 3,443,411</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>General</u>	<u>State Per Capita</u>	<u>Federal ADAMH Block Grant</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>					
Property and other local taxes	\$ 900,466	\$ -	\$ -	\$ -	\$ 900,466
Intergovernmental	1,645,919	495,961	431,948	441,466	3,015,294
Donations	100	-	-	-	100
Charges for services	-	-	-	569	569
Miscellaneous	9,080	-	-	-	9,080
Total receipts	<u>2,555,565</u>	<u>495,961</u>	<u>431,948</u>	<u>442,035</u>	<u>3,925,509</u>
<b>Disbursements:</b>					
Current:					
Mental health services:					
Title XX	-	-	-	103,957	103,957
Mental health block grant	-	-	-	123,974	123,974
Forensic services	-	-	-	8,244	8,244
Alcohol and drug addition services:					
State per capita	-	542,251	-	-	542,251
Treatment alternative street crime	-	-	-	193,694	193,694
Federal ADAMHS	-	-	443,023	-	443,023
Preventive state incentive	-	-	-	101,970	101,970
Ohio Traffic Safety	-	-	-	23,533	23,533
Substance abuse mental health services:					
Administration	2,600,898	-	-	-	2,600,898
Total disbursements	<u>2,600,898</u>	<u>542,251</u>	<u>443,023</u>	<u>555,372</u>	<u>4,141,544</u>
Excess of disbursements over receipts	<u>(45,333)</u>	<u>(46,290)</u>	<u>(11,075)</u>	<u>(113,337)</u>	<u>(216,035)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	7,500	7,500
Transfers (out)	(7,500)	-	-	-	(7,500)
Advances in	7,000	-	-	-	7,000
Advances (out)	-	-	-	(7,000)	(7,000)
Total other financing sources (uses)	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>
Net change in fund balances	<u>(45,833)</u>	<u>(46,290)</u>	<u>(11,075)</u>	<u>(112,837)</u>	<u>(216,035)</u>
<b>Fund balances at beginning of year</b>	<u>2,766,341</u>	<u>208,174</u>	<u>62,634</u>	<u>622,297</u>	<u>3,659,446</u>
<b>Fund balances at end of year</b>	<u>\$ 2,720,508</u>	<u>\$ 161,884</u>	<u>\$ 51,559</u>	<u>\$ 509,460</u>	<u>\$ 3,443,411</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Property and other local taxes	\$ 894,576	\$ 900,466	\$ 900,466	\$ -
Intergovernmental	1,497,378	1,667,934	1,645,919	(22,015)
Donations	500	100	100	-
Miscellaneous	3,000	9,080	9,080	-
<b>Total receipts</b>	<u>2,395,454</u>	<u>2,577,580</u>	<u>2,555,565</u>	<u>(22,015)</u>
<b>Disbursements:</b>				
Current:				
Substance abuse mental health services:				
Administration	3,195,385	3,642,287	3,221,284	421,003
Excess of disbursements over receipts	<u>(799,931)</u>	<u>(1,064,707)</u>	<u>(665,719)</u>	<u>398,988</u>
<b>Other financing sources (uses):</b>				
Advances in	-	-	7,000	7,000
Advances out	-	(7,500)	(7,500)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(7,500)</u>	<u>(500)</u>	<u>7,000</u>
Net change in fund balance	(799,931)	(1,072,207)	(666,219)	405,988
<b>Fund balance at beginning of year</b>	2,244,575	2,244,575	2,244,575	-
<b>Prior year encumbrances appropriated</b>	521,766	521,766	521,766	-
<b>Fund balance at end of year</b>	<u>\$ 1,966,410</u>	<u>\$ 1,694,134</u>	<u>\$ 2,100,122</u>	<u>\$ 405,988</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
STATE PER CAPITA FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Intergovernmental	\$ 526,033	\$ 495,961	\$ 495,961	\$ -
<b>Disbursements:</b>				
Current:				
Alcohol and drug addition services:				
State per capita	552,106	575,757	563,452	12,305
Net change in fund balance	(26,073)	(79,796)	(67,491)	12,305
<b>Fund balance at beginning of year</b>	184,601	184,601	184,601	-
<b>Prior year encumbrances appropriated</b>	23,573	23,573	23,573	-
<b>Fund balance at end of year</b>	<u>\$ 182,101</u>	<u>\$ 128,378</u>	<u>\$ 140,683</u>	<u>\$ 12,305</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FEDERAL ADAMH BLOCK GRANT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
Intergovernmental	\$ 473,952	\$ 434,417	\$ 431,948	\$ (2,469)
<b>Disbursements:</b>				
Current:				
Mental health services:				
Federal ADAMHS	511,291	495,593	493,593	2,000
Net change in fund balance	(37,339)	(61,176)	(61,645)	(469)
<b>Fund balance at beginning of year</b>	25,296	25,296	25,296	-
<b>Prior year encumbrances appropriated</b>	37,338	37,338	37,338	-
<b>Fund balance at end of year</b>	<u>\$ 25,295</u>	<u>\$ 1,458</u>	<u>\$ 989</u>	<u>\$ (469)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
DECEMBER 31, 2014**

	<b>Private-Purpose Trust</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents	\$ 20,389	\$ 11,983
<b>Net position:</b>		
Restricted for:		
Seneca County Health Alliance	\$ -	\$ 11,983
Other purposes	20,389	-
<b>Total net position</b>	<b>\$ 20,389</b>	<b>\$ 11,983</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Private-Purpose Trust</u>
<b>Additions:</b>	
Interest	\$ 6
<b>Net position at beginning of year</b>	<u>20,383</u>
<b>Net position at end of year</b>	<u>\$ 20,389</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**NOTE 1 - REPORTING ENTITY**

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

**A. Primary Government**

The Board plans for, contracts for, monitors, and evaluates services to and is a joint venture of Seneca, Sandusky, and Wyandot Counties. The counties share in the equity of the Board based on the percentage of the population within the three counties. The population in each of the joint venture participants is: Seneca County 55,914 (40.38%), Sandusky County 60,098 (43.41%), and Wyandot County 22,447 (16.21%).

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

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

**B. Component Units**

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

**C. Related Organization**

*Seneca County Health Alliance*

On February 1, 2013, the Board assumed fiscal responsibilities for the Seneca County Health Alliance (the "Alliance"). The Alliance is composed of community partners including hospitals, mental health providers, the Family and Children First Council, the Department of Job and Family Services, the YMCA, the Board of Developmental Disabilities, the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, and other local companies and organizations and was formed for the purposes of conducting local health assessments and developing a comprehensive strategic plan based on the assessment findings. Accounting records for the Alliance are maintained in an agency fund of the Board. Financial information for the Alliance may be obtained by contacting

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 1 - REPORTING ENTITY (Continued)**

the Executive Director of the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, 600 N. River Road, Tiffin, OH 44883-1173.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Board's accounting policies.

**A. Basis of Presentation**

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

*Government-wide Financial Statements*

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the primary government. The statements show those activities of the Board that are governmental. Governmental activities generally are financed through intergovernmental receipts or other nonexchange transactions.

The statement of net position - cash basis presents the cash balance of the governmental activities of the Board at year-end. The statement of activities - cash basis compares disbursements and program receipts for each program or function of the Board's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Board is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Board, with certain, limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Board.

*Fund Financial Statements*

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Fund Accounting**

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

*Governmental Funds*

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

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

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

*Federal ADAMH Block Grant Fund* - The federal ADAMH Block Grant fund accounts for and reports federal financial resources that are restricted for Alcohol, Drug Addiction, and Mental Health Services.

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

*Fiduciary Fund*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Board under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is the Donelson Trust, a private-purpose trust which is used for the benefit of the people residing in Wyandot County who require mental health assistance. Agency funds are custodial in nature and do not involve measurement of results of operations. The Board's agency fund accounts for funds of the Seneca County Health Alliance, for which the Board serves as fiscal agent.

**C. Basis of Accounting**

The Board's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Board's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when incurred.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

**D. Budgetary Process**

All funds except for agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Board. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriations passed by the Board during the year.

**E. Cash and Investments**

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

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Board had no restricted assets at December 31, 2014.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Board's cash basis of accounting.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Employer Contributions to Cost-Sharing Pension Plans**

The Board recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**I. Net Position**

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

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

**J. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The Board had no nonspendable fund balance at December 31, 2014.

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

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Board had no committed fund balance at December 31, 2014.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts include those approved through the Board's formal purchasing procedure and those required for subsequent year appropriations.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**K. Interfund Transactions**

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For 2014, the Board has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Board.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Board.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget basis presented for the general fund and the ODMH Medicaid fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements on a budgetary basis but are not on the cash basis of accounting. The encumbrances outstanding at year end (budgetary basis) amounted to \$620,386 for the general fund, \$50,570 for the federal ADAMH block grant fund, and \$21,201 for the State per capita fund.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 5 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility located in the Board. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The full tax rate for all Board operations for the year ended December 31, 2014 was \$0.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

Real property	\$ 918,294,220	94.01%
Public utility personal property	58,554,110	5.99%
Total assessed valuation	\$ 976,848,330	100.00%

**NOTE 6 - INTERFUND TRANSACTIONS**

**A. Advances**

Interfund advances for the year ended December 31, 2014, consisted of the following, as reported on the fund statements:

<u>Advances from:</u>	<u>Advances to:</u>	
Nonmajor governmental fund	General fund	\$ 7,000

The primary purpose of the interfund advances is to cover costs in specific funds where revenues were not received by December 31. These interfund advances are also made to repay advances made in the prior fiscal year from the general fund.

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 6 - INTERFUND TRANSACTIONS (Continued)**

**B. Transfers**

Interfund transfers for the year ended December 31, 2014, consisted of the following, as reported on the fund statements:

<u>Transfer from general fund to:</u>	
Nonmajor governmental funds	\$ <u>7,500</u>

Transfers from the nonmajor governmental funds to the general fund resulted from residual equity transfers made during the year and a transfer to reallocate resources not restricted or committed to be properly recorded in the general fund.

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

**NOTE 7 - RISK MANAGEMENT**

The Board is exposed to various risks of property and casualty losses and injuries to employees.

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

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime;
- Public employee dishonesty; and,
- Directors and officers liability.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years, and the Board has not had a significant reduction in coverage from the prior year.

**NOTE 8 - DEFINED BENEFIT PENSION PLAN**

Plan Description - The Board participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.



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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 8 - DEFINED BENEFIT PENSION PLAN (Continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The 2014 member contribution rates were 10.00% for members. The Board's contribution rate for 2014 was 14.00% of covered payroll.

The Board's contribution rate for pension benefits for members in the Traditional Plan and Combined Plan for 2014 was 14.00%. The Board's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$35,288, \$36,720, and \$31,266, respectively; 100% has been contributed for 2014, 2013 and 2012.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2014 was 2.00%.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)**

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Board's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$5,883, \$2,623, and \$12,567, respectively; 100% has been contributed for 2014, 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

**NOTE 10 - CONTINGENCIES AND GRANTS**

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

**NOTE 11 - COMMITMENTS**

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

General fund	\$ 620,386
State per capita	21,201
Federal ADAMH Block Grant fund	50,570
Nonmajor governmental funds	<u>37,993</u>
Total	<u>\$ 730,150</u>

**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY AND WYANDOT COUNTIES  
SENECA COUNTY  
FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

<u>FEDERAL GRANTOR</u> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed Through Ohio Department of Transportation National Highway Traffic Safety Administration (NHTSA):</i>			
State and Highway Community Safety Grant	OTSO FY14	20.600	\$ 23,533
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<i>Passed Through Ohio Department of Mental Health and Addiction Services:</i>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	SPF - FY14	93.243	82,706
	SPF - FY15		19,264
Total Substance Abuse and Mental Health Services of Regional and National Significance			<u>101,970</u>
Social Services Block Grant	BG FY14	93.667	85,942
	BG FY15		18,015
Total Social Services Block Grants			<u>103,957</u>
Block Grants for Community Mental Health Services	FY14	93.958	79,796
	FY15		44,178
	BG FY14		2,200
Total Block Grants for Community Mental Health Services			<u>126,174</u>
Block Grants for Prevention and Treatment of Substance Abuse	TASC - 14	93.959	168,047
	TASC - 14		25,647
	SAPT - 14		329,050
	SAPT - 15		81,511
	DFCC - 14		23,143
	DFCC - 15		9,319
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>636,717</u>
Total U.S. Department of Health and Human Services			<u>968,818</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 992,351</u></b>

*The accompanying notes are an integral part of this schedule*

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties (the Board's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

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

**NOTE C - SUBRECIPIENTS**

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

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The total passed through to subrecipients was \$984,593.



# Dave Yost • Auditor of State

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

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

To the Members of the Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, Seneca County, Ohio (the Board) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated August 13, 2015 wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles.

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

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

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

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

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

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial

statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

August 13, 2015



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Members of the Board:

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

We have audited the Mental Health and Recovery Board of Seneca, Sandusky and Wyandot Counties, Seneca County, Ohio's (the Board's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Board's major federal program for the year ended December 31, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal program.

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

The Board's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on the Major Federal Program***

In our opinion, the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2014.

**Report on Internal Control Over Compliance**

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

August 13, 2015



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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2014**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Block Grant for Prevention and Treatment of Substance Abuse (SAPT) – CFDA # 93.959
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**MENTAL HEALTH & RECOVERY SERVICES BOARD OF SENECA, SANDUSKY & WYANDOT**

**SENECA COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 1, 2015**