



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MENTAL HEALTH AND RECOVERY SERVICES BOARD  
OF SENECA, SANDUSKY, AND WYANDOT COUNTIES  
SENECA COUNTY  
DECEMBER 31, 2019**

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## 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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties, Seneca County, Ohio (the Board), as of and for the year ended December 31, 2019, 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we 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, 2019, and the respective changes in cash financial position and the respective budgetary comparison for the General and State Per Capita 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.

**Emphasis of Matters**

As discussed in Note 3 to the financial statements, during 2019, the Board adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplementary Information*

Our audit was conducted to opine on the financial statements taken as a whole.

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the 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, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Other Information*

We applied no procedures to management's discussion and analysis as listed in the table of contents. 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 5, 2020, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

August 5, 2020

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
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, 2019, 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 2019 are as follows:

- Net position increased \$273,472 which represents a 4.92% increase from 2018.
- General receipts accounted for \$3,727,468, or 61.05% of all receipts. Program specific receipts, in the form of charges for services and sales and operating grants and contributions, accounted for \$2,378,246, or 38.95% of total revenues of \$6,105,714.
- The Board had \$5,832,242 in disbursements related to governmental activities; program-specific charges for services, grants and contributions offset only \$2,378,246 of these disbursements. The Board's disbursements increased \$969,755 from the prior year. This increase primarily related to a \$33,010, \$234,313 and \$172,234 increase in HRSA Grant, Federal Opioid Specific Grants and Lotus Recovery House disbursements, respectively.

**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.

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED  
(Continued)

**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 2019, 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 and the State Per Capita fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**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 a custodial 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED  
(Continued)

**The Board as a Whole**

Table 1 provides a summary of the Board's net position at December 31, 2019 and December 31, 2018 on a cash basis:

**Table 1  
Net Position**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b><u>Assets:</u></b>		
Equity in pooled cash and cash equivalents	\$ 5,829,696	\$ 5,556,224
<b><u>Net position:</u></b>		
Restricted	\$ 1,252,056	\$ 1,167,260
Unrestricted	4,577,640	4,388,964
Total net position	\$ 5,829,696	\$ 5,556,224

The Board's cash balance and net position at December 31, 2019 amounted to \$5,829,696. Of this amount, \$1,252,056 is restricted as to use.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED  
(Continued)

Table 2 reflects the change in net position in 2019 and provides a comparison to 2018:

**Table 2  
Changes in Net Position - Cash Basis**

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
<b>Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 7,603	\$ 649
Operating grants and contributions	2,370,643	1,715,573
Total program cash receipts	2,378,246	1,716,222
General receipts:		
Property taxes	2,105,607	2,038,865
Grants and entitlements not restricted by specific program	1,543,534	1,700,513
Donations	2,458	11,883
Miscellaneous	75,869	10,647
Total general receipts	3,727,468	3,761,908
Total receipts	6,105,714	5,478,130
<b>Disbursements:</b>		
Mental health services:		
Title XX	110,961	75,894
Medication assisted treatment	176,000	102,199
Mental health block grant	303,610	323,416
Forensic services	6,044	6,044
Alcohol and drug addition services:		
State per capita	412,615	629,723
Treatment alternative street crime	306,313	184,081
Federal ADAMHS	414,724	450,420
Preventive state incentive	114,955	60,757
Federal Opioid Specific Grants	234,313	-
Ohio Traffic Safety	14,613	21,927
Lotus recovery house	173,409	1,175
HRSA Grant	33,010	-
Substance abuse mental health services:		
Administration	3,531,675	3,006,851
Total disbursements	5,832,242	4,862,487
Change in net position	273,472	615,643
Net position at beginning of year	5,556,224	4,940,581
Net position at end of year	\$ 5,829,696	\$ 5,556,224

In 2019, 61.05% 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 38.95% of the Board's total receipts during 2019. These receipts consist primarily of operating grants from the State of Ohio and from the federal government.

During 2019, operating grant and contribution program receipts increased 38.18% due primarily to increased state per capita funding, federal opioid specific grants and Lotus Recovery House receipts. Charges for services program receipts increased \$6,954 from the prior year due to an increase of local reimbursements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
UNAUDITED  
(Continued)

The Board recognized total governmental activities disbursements of \$5,832,242 during 2019. The largest portion of these disbursements related to administration, totaling \$3,531,675. 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.

**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 \$3,453,996 for 2019, or 59.22% of total governmental activities disbursements.

A comparison between the total cost of services and the net cost for both 2019 and 2018 is presented in Table 3.

**Table 3  
Governmental Activities**

	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>	<u>Total Cost of Services 2018</u>	<u>Net Cost of Services 2018</u>
Program disbursements:				
Mental health services:				
Title XX	\$ 110,961	\$ 25,885	\$ 75,894	\$ (9,175)
Medication assisted treatment	176,000	-	102,199	-
Mental health block grant	303,610	3,447	323,416	(16,656)
Forensic services	6,044	-	6,044	-
Alcohol and drug addition services:				
State per capita	412,615	(127,186)	629,723	186,340
Court referred driver	-	(328)	-	(649)
Treatment alternative street crime	306,313	-	184,081	-
Federal ADAMHS	414,724	(27,228)	450,420	(15,528)
Preventive state incentive	114,955	(45)	60,757	(4,578)
Federal Opioid Specific Grants	234,313	346	-	-
Ohio Traffic Safety	14,613	(1,714)	21,927	(1,515)
Lotus recovery house	173,409	46,134	1,175	1,175
HRSA Grant	33,010	3,010	-	-
Substance abuse mental health services:				
Administration	3,531,675	3,531,675	3,006,851	3,006,851
Totals	<u>\$ 5,832,242</u>	<u>\$ 3,453,996</u>	<u>\$ 4,862,487</u>	<u>\$ 3,146,265</u>

**The Board's Funds**

The General fund had receipts of \$3,692,351 and disbursements of \$3,531,675. Intergovernmental receipts decreased \$156,979 while administration expenses increased \$524,824. The General fund received advances from other funds and made transfers to other funds of \$120,000 and \$92,000, respectively, during 2019. In total, the cash fund balance of the General fund increased \$188,676, from a cash balance of \$4,388,964 to \$4,577,640.

The State Per Capita fund recognized receipts of \$574,151 and disbursements of \$412,615 during 2019. In total, the State Per Capita fund's cash fund balance increased \$161,536 from \$234,665 to a balance of \$396,201.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
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 2019, the Board amended its General fund budget numerous times. For the General fund, final budgeted receipts and sources were \$3,787,723, which is \$187,619 more than original budgeted receipts of \$3,600,104. Actual receipts and other financial sources for fiscal year 2019 were \$3,812,351; this represents a \$24,628 increase from final budgeted receipts.

General fund final budgeted disbursements and other financing uses were \$5,557,580, which were lower than original budgeted disbursements of \$5,676,801. Actual budget-basis disbursements and other financing uses for fiscal year 2019 totaled \$5,178,560 and were \$379,020 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**

The Board's mission is to establish high-quality, innovative, cost-effective and culturally-sensitive mental health and addiction services. By doing so, the Board must ensure timely access to quality services, remain fiscally accountable, and implement services that produce positive outcomes for the residents of the Board's District.

The Board mostly relies on allocations and grants through the Ohio Department of Mental Health and Addiction Services (Ohio MHAS) and is diligent in searching for new funding sources that are closely related to its mission to enhance community services. In addition, approximately 34.48% of the Board's funding is made up of local levy funds. The Board successfully passed the Sandusky County mental health and addiction levy in spring of 2019. It is critical for the Board to continue to renew levies in each county, as many local services are funded exclusively through levy funds.

A significant challenge for the Board is to find ways to prevent and reduce suicide deaths. The numbers of suicide deaths continue to increase in the Board's district, especially among women and children. Mental health promotion efforts, including stigma reduction and suicide prevention, continue to be the top priority for the Board. Rapid changes in behavioral health practices, including additional funds, occurred in relation to the opioid epidemic. However, very limited new federal funds are earmarked for mental health promotion efforts. Lastly, it is strongly recommended to continue to advocate for flexibility regarding federal alcohol and drug addiction funds. In the past few years, the majority of the federal funds were earmarked specific to opioid use disorders. These funds were not to be utilized for individuals struggling with other addictions, such as alcohol. The Board's role is to prioritize the inclusion of all clients and families when developing the local system of care. The Board is uniquely positioned to rapidly identify and effectively respond to evolving community needs. As such, the Board should have flexibility as it relates to funding treatment services for various behavioral health needs.

**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 North State Route 53, Tiffin, OH 44883-9799.

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

STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2019

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 5,829,696
<b>Net position:</b>	
Restricted for:	
Mental health services	\$ 481,408
Alcohol and drug addiction services	770,648
Unrestricted	<u>4,577,640</u>
Total net position	<u>\$ 5,829,696</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position	
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
			Governmental Activities	
<b>Governmental activities:</b>				
Mental health services:				
Title XX	\$ 110,961	\$ -	\$ 85,076	\$ (25,885)
Medication assisted treatment	176,000	-	176,000	-
Mental health block grant	303,610	-	300,163	(3,447)
Forensic services	6,044	-	6,044	-
Alcohol and drug addition services:				
State per capita	412,615	-	539,801	127,186
Court referred driver	-	328	-	328
Treatment alternative street crime	306,313	-	306,313	-
Federal ADAMHS	414,724	-	441,952	27,228
Preventive state incentive	114,955	-	115,000	45
Federal opioid specific grants	234,313	-	233,967	(346)
Ohio traffic safety	14,613	-	16,327	1,714
Lotus recovery house	173,409	7,275	120,000	(46,134)
HRSA grant	33,010	-	30,000	(3,010)
Substance abuse mental health services:				
Administration	3,531,675	-	-	(3,531,675)
Total governmental activities	<u>\$ 5,832,242</u>	<u>\$ 7,603</u>	<u>\$ 2,370,643</u>	<u>(3,453,996)</u>
<b>General receipts:</b>				
Property taxes levied for:				
General purposes				2,105,607
Grants and entitlements not restricted to specific programs				1,543,534
Donations				2,458
Miscellaneous				75,869
Total general receipts				<u>3,727,468</u>
Change in net position				273,472
<b>Net position at beginning of year</b>				<u>5,556,224</u>
<b>Net position at end of year</b>				<u>\$ 5,829,696</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2019**

	<u>General</u>	<u>State Per Capita</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 4,577,640	\$ 396,201	\$ 855,855	\$ 5,829,696
<b>Fund balances:</b>				
Restricted:				
Mental health services	\$ -	\$ -	\$ 481,408	\$ 481,408
Alcohol and drug addiction services	-	396,201	374,447	770,648
Assigned:				
Administration	1,554,886	-	-	1,554,886
Subsequent year appropriation	630,345	-	-	630,345
Unassigned	2,392,409	-	-	2,392,409
Total fund balances	<u>\$ 4,577,640</u>	<u>\$ 396,201</u>	<u>\$ 855,855</u>	<u>\$ 5,829,696</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>State Per Capita</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>				
Property and other local taxes	\$ 2,105,607	\$ -	\$ -	\$ 2,105,607
Intergovernmental	1,543,534	539,801	1,830,842	3,914,177
Donations	2,458	-	-	2,458
Charges for services	-	-	7,603	7,603
Miscellaneous	40,752	34,350	767	75,869
Total receipts	<u>3,692,351</u>	<u>574,151</u>	<u>1,839,212</u>	<u>6,105,714</u>
<b>Disbursements:</b>				
Current:				
Mental health services:				
Title XX	-	-	110,961	110,961
Medication assisted treatment	-	-	176,000	176,000
Mental health block grant	-	-	303,610	303,610
Forensic services	-	-	6,044	6,044
Alcohol and drug addition services:				
State per capita	-	412,615	-	412,615
Treatment alternative street crime	-	-	306,313	306,313
Federal ADAMHS	-	-	414,724	414,724
Preventive state incentive	-	-	114,955	114,955
Federal opioid specific grants	-	-	234,313	234,313
Ohio traffic safety	-	-	14,613	14,613
Lotus recovery house	-	-	173,409	173,409
HRSA grant	-	-	33,010	33,010
Substance abuse mental health services:				
Administration	3,531,675	-	-	3,531,675
Total disbursements	<u>3,531,675</u>	<u>412,615</u>	<u>1,887,952</u>	<u>5,832,242</u>
Excess (deficiency) of receipts over (under) disbursements	<u>160,676</u>	<u>161,536</u>	<u>(48,740)</u>	<u>273,472</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	92,000	92,000
Transfers (out)	(92,000)	-	-	(92,000)
Advances in	120,000	-	-	120,000
Advances (out)	-	-	(120,000)	(120,000)
Total other financing sources (uses)	<u>28,000</u>	<u>-</u>	<u>(28,000)</u>	<u>-</u>
Net change in fund balances	188,676	161,536	(76,740)	273,472
<b>Fund balances at beginning of year</b>	4,388,964	234,665	932,595	5,556,224
<b>Fund balances at end of year</b>	<u>\$ 4,577,640</u>	<u>\$ 396,201</u>	<u>\$ 855,855</u>	<u>\$ 5,829,696</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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	\$ 1,941,007	\$ 2,105,607	\$ 2,105,607	\$ -
Intergovernmental	1,651,597	1,543,534	1,543,534	-
Donations	5,000	2,358	2,458	100
Miscellaneous	2,500	16,224	40,752	24,528
Total receipts	<u>3,600,104</u>	<u>3,667,723</u>	<u>3,692,351</u>	<u>24,628</u>
<b>Disbursements:</b>				
Current:				
Substance abuse mental health services:				
Administration	5,676,801	5,465,580	5,086,560	379,020
Excess of disbursements over receipts	<u>(2,076,697)</u>	<u>(1,797,857)</u>	<u>(1,394,209)</u>	<u>403,648</u>
<b>Other financing sources (uses):</b>				
Advances in	-	120,000	120,000	-
Transfers (out)	-	(92,000)	(92,000)	-
Total other financing sources (uses)	<u>-</u>	<u>28,000</u>	<u>28,000</u>	<u>-</u>
Net change in fund balance	(2,076,697)	(1,769,857)	(1,366,209)	403,648
<b>Fund balance at beginning of year</b>	2,716,563	2,716,563	2,716,563	-
<b>Prior year encumbrances appropriated</b>	1,672,401	1,672,401	1,672,401	-
<b>Fund balance at end of year</b>	<u>\$ 2,312,267</u>	<u>\$ 2,619,107</u>	<u>\$ 3,022,755</u>	<u>\$ 403,648</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
STATE PER CAPITA FUND  
FOR THE YEAR ENDED DECEMBER 31, 2019

	<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	\$ 637,351	\$ 539,801	\$ 539,801	\$ -
Miscellaneous	-	34,350	34,350	-
<b>Total receipts</b>	<u>637,351</u>	<u>574,151</u>	<u>574,151</u>	<u>-</u>
<b>Disbursements:</b>				
Current:				
Alcohol and drug addition services:				
State per capita	<u>689,839</u>	<u>656,829</u>	<u>649,021</u>	<u>7,808</u>
Net change in fund balance	(52,488)	(82,678)	(74,870)	7,808
<b>Fund balance at beginning of year</b>	138,677	138,677	138,677	-
<b>Prior year encumbrances appropriated</b>	95,988	95,988	95,988	-
<b>Fund balance at end of year</b>	<u>\$ 182,177</u>	<u>\$ 151,987</u>	<u>\$ 159,795</u>	<u>\$ 7,808</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
DECEMBER 31, 2019**

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 23,239
<b>Net position:</b>	
Restricted for:	
Seneca County Health Alliance	\$ 23,239

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
DECEMBER 31, 2019

	<u>Private-Purpose Trust</u>	<u>Custodial</u>
<b>Additions:</b>		
Interest	\$ 19	\$ -
Other	-	19,550
Total additions	<u>19</u>	<u>19,550</u>
<b>Deductions:</b>		
Distributions to individuals	20,508	-
Distributions as fiscal agent	-	46,052
Total deductions	<u>20,508</u>	<u>46,052</u>
Net change in fiduciary net position	(20,489)	(26,502)
<b>Net position at beginning of year</b>	<u>20,489</u>	<u>49,741</u>
<b>Net position at end of year</b>	<u>\$ -</u>	<u>\$ 23,239</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**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, Ohio (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 55,207 (40.61%), Sandusky County 58,799 (43.25%), and Wyandot County 21,935 (16.14%).

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

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

**B. Component Units**

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

**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 a custodial fund of the Board. Financial information for the Alliance may be obtained by contacting the Executive Director of the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, 1200 N. State Route 53, Tiffin, Ohio 44883-9799.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)

**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.

**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:



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SENECA, SANDUSKY, AND WYANDOT COUNTIES  
SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)

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

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

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

*Fiduciary Funds*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. 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 Board's own programs. The Board'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. The Board's custodial 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.

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)

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, 2019.

**G. Interfund Receivables/Payables**

The Board reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**H. 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.

**I. 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.

**J. 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.

**K. 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:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)

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, 2019.

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, 2019.

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

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

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.

**L. 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 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2019, the Board has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations", GASB Statement No. 84 "Fiduciary Activities", GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements" and GASB Statement No. 90 "Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
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SENECA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Board.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. They are now reported as custodial funds. The City reviewed its fiduciary funds to determine the appropriate classification under GASB Statement No. 84.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the Board.

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 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 State Per Capita fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements on a budgetary basis but are not on the cash basis of accounting. The encumbrances outstanding at year end (budgetary basis) amounted to \$1,554,885 for the General fund and \$236,406 for the state per capita fund.

**NOTE 5 - PROPERTY TAXES**

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
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SENECA COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)

The full tax rate for all Board operations for the year ended December 31, 2019 was \$0.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

Real property	\$ 1,050,741,590	86.16%
Public utility personal property	168,835,630	13.84%
Total assessed valuation	\$ 1,219,577,220	100.00%

**NOTE 6 - INTERFUND TRANSACTIONS**

**A. Advances**

Interfund advances for the year ended December 31, 2019, consisted of the following, as reported on the fund statements:

Advances to the General fund from:

Nonmajor special revenue	\$ 120,000
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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.

**B. Transfers**

Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported on the fund statements:

Transfers from the General fund to:

Nonmajor special revenue	\$ 92,000
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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

**NOTE 7 - RISK MANAGEMENT**

The Board is exposed to various risks of 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;

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)

- 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 PLANS**

*Plan Description - Ohio Public Employees Retirement System (OPERS)*

Plan Description - Board employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Board employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>	<b>Age and Service Requirements:</b>
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b>	<b>Formula:</b>	<b>Formula:</b>
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD OF  
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FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State and Local
<b>2019 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2019 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

The Board's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$56,212 for 2019.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)

**NOTE 9 - POSTRETIREMENT BENEFIT PLANS**

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

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



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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(Continued)**

For 2019, OPERS did not allocate any employer contributions to post-employment health care.

**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	\$ 1,554,885
State Per Capita fund	236,406
Nonmajor governmental funds	<u>169,888</u>
Total	<u>\$ 1,961,179</u>

**NOTE 12 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

Other governments entered into property tax abatement agreements with property owners under Enterprise Zone Agreements ("EZAs") and the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the Board. The EZAs and CRA program are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the Board, the City of Tiffin, the City of Fostoria, the City of Clyde, the City of Fremont, the City of Bellevue, Ballville Township, Hopewell Township, Madison Township and Gibsonburg Village have entered into such agreements. Under these agreements, the Board's property taxes were reduced by \$4,796. The Board is not receiving any amounts from these other governments in association with the forgone property tax revenue. Wyandot County's reduced property taxes were not material.

**NOTE 13 – SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. In addition, the impact on the Board's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Provided Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed Through Ohio Department of Transportation National Highway Traffic Safety Administration (NHTSA)</i>				
Highway Safety Cluster				
State and Highway Community Safety	20.600		\$2,297	\$14,614
Total Highway Safety Cluster			2,297	14,614
Total U.S. Department of Transportation			2,297	14,614
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</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	93.243	1900527 1900655	60,079 163,410	114,954 176,000
Total Substance Abuse and Mental Health Services Projects of Regional and National Significance			223,489	290,954
Social Services Block Grant	93.667	SSBG - Title XX SSBG - Title XX	63,935 47,026	63,935 47,026
Total Social Services Block Grant			110,961	110,961
Opioid STR	93.788	1900745 1900797	6,000 158,387	20,000 214,271
Total Opioid STR			164,387	234,271
Block Grants for Community Mental Health Services	93.958	614 336614 MSY Allocation	44,050 40,000 37,202	44,050 40,000 37,202
Total Block Grants for Community Mental Health Services			121,252	121,252
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1900265 2000190 619 336619	245,441 60,872 322,617 90,428	245,441 60,872 322,617 92,107
Total Block Grants for Prevention and Treatment of Substance Abuse			719,358	721,037
<i>Passed through Mental Health and Recovery Services Board of Lucas County</i>				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	1900716	5,004	5,004
<i>Passed Through Pacific Institute of Research and Evaluation</i>				
Rural Communities Opioid Response Program - Implementation	93.211	G25RH32461 GA1RH33532	10,000	28,571 4,439
Total Rural Communities Opioid Response			10,000	33,010
Total U.S. Department of Health and Human Services			1,354,451	1,516,489
<b>Total Expenditures of Federal Awards</b>			<b>\$1,356,748</b>	<b>\$1,531,103</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 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties, Seneca County, Ohio (the Board's) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - SUBRECIPIENTS**

The Board passes certain federal awards received from the Ohio Department of Transportation National Highway Traffic Safety Administration, the Ohio Department of Mental Health and Addiction Services, the Mental Health and Recovery Services Board of Lucas County, and the Pacific Institute of Research and Evaluation to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Board reports expenditures of Federal awards to subrecipients when paid in cash.

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

**NOTE E - MATCHING REQUIREMENTS**

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

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# OHIO AUDITOR OF STATE KEITH FABER



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Toledo, Ohio 43604-2246  
(419) 245-2811 or (800) 443-9276  
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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 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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties, Seneca County, Ohio (the Board) as of and for the year ended December 31, 2019, 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 5, 2020, wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles. We also noted the Board adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board.

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

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

August 5, 2020

# OHIO AUDITOR OF STATE KEITH FABER



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

Mental Health and Recovery Services Board  
of Seneca, 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 Services Board of Seneca, Sandusky, and Wyandot Counties, Seneca County, Ohio's (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties' major federal program for the year ended December 31, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Board's major 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, 2019.

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

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

August 5, 2020



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

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
DECEMBER 31, 2019**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Block Grants for Prevention and Treatment of Substance Abuse
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

**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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# OHIO AUDITOR OF STATE KEITH FABER



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

**SENECA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 8/20/2020**

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

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