



**Auditor of State
Betty Montgomery**

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Mental Health and Recovery Board
of Erie and Ottawa Counties
Erie County
416 Columbus Avenue
Sandusky, Ohio 44870-2753

To Members of the Board:

We have audited the accompanying financial statements of the Mental Health and Recovery Board of Erie and Ottawa Counties (the Board) as of and for the year ended December 31, 2003. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Board prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Mental Health and Recovery Board
of Erie and Ottawa Counties
Erie County
Independent Accountants' Report
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In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Board as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the financial statements of the Board, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies, pass-through entities, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 24, 2004

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$ 2,101,435		\$ 2,101,435
Intergovernmental Revenues	5,766,366	\$ 579,753	6,346,119
Other Receipts	159,860	1,350	161,210
	<u>8,027,661</u>	<u>581,103</u>	<u>8,608,764</u>
Cash Disbursements:			
Current:			
Salaries	330,676		330,676
Supplies	15,863		15,863
Equipment	12,776		12,776
Contracts - Repair	378		378
Contracts - Services	6,906,399	697,123	7,603,522
Rentals	9,223		9,223
Advertising and Printing	9,624		9,624
Travel	10,033		10,033
Public Employee's Retirement	53,950		53,950
Worker's Compensation	2,374		2,374
Other	81,670		81,670
Debt Service	12,914		12,914
	<u>7,445,880</u>	<u>697,123</u>	<u>8,143,003</u>
Total Receipts Over/(Under) Disbursements	581,781	(116,020)	465,761
Fund Cash Balances, January 1	1,881,062	182,923	2,063,985
Fund Cash Balances, December 31	<u>\$ 2,462,843</u>	<u>\$ 66,903</u>	<u>\$ 2,529,746</u>
Reserves for Encumbrances, December 31	<u>\$ 1,393,972</u>	<u>\$ 12,338</u>	<u>\$ 1,406,310</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$ 984,782</u>
Non-Operating Cash Disbursements	
Other Non-Operating Disbursements	<u>1,067,630</u>
Total Disbursements Over Receipts	(82,848)
Fund Cash Balances, January 1	<u>275,244</u>
Fund Cash Balances, December 31	<u>\$ 192,396</u>
Reserves for Encumbrances, December 31	<u><u>\$ 83,351</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Mental Health and Recovery Board of Erie and Ottawa Counties (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is directed by an eighteen member board. Seven members of the Board are appointed by the Board of the Erie County Commissioners, three members are appointed by the Board of the Ottawa County Commissioners, four members are appointed by the Ohio Department of Alcohol and Drug Addiction Services, and four members are appointed by the Ohio Department of Mental Health. The Board provides alcohol, drug addiction and mental health services and programs to citizens of Erie and Ottawa Counties. These services are provided primarily through contracts with private and public agencies.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

As required by Ohio Revised Code, the Erie County Treasurer is custodian for the Board's cash. The Board's cash is held in the Erie County's cash and investment pool, and is valued at the Erie County Treasurer's carrying amount.

D. Fund Accounting

The Board uses fund accounting to segregate cash and investments that are restricted as to use. The Board classifies its funds into the following types:

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from fiduciary funds) that are restricted to expenditure for specific purposes. The Board had the following significant Special Revenue Fund:

Teen Institute Block Grant Fund - This fund accounts for grant monies received to provide assistance to underprivileged teenagers.

3. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Board is acting in an agency capacity. The Board had the following significant Fiduciary Funds:

Family and Children First Funds - This agency fund accounts for the receipts and disbursements of the Family and Children First Council for which the Board acts as fiscal agent.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2003 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

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

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 6,479,833	\$ 8,027,661	\$ 1,547,828
Special Revenue	500,336	581,103	80,767
Total	\$ 6,980,169	\$ 8,608,764	\$ 1,628,595

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 8,969,654	\$ 8,839,852	\$ 129,802
Special Revenue	708,400	709,461	(1,061)
Total	\$ 9,678,054	\$ 9,549,313	\$ 128,741

3. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

Erie and Ottawa Counties are responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Board.

4. DEBT

A commercial loan was originally obtained in 1998 to finance the purchase of the property used by the Board for its administrative offices. The loan was in the amount of \$135,000; had an interest rate of 8.15 percent; required monthly payments of \$1,152 through April 2003; and a final estimated payment of \$118,750 due May 2003. The Board had the option of either paying the lump sum balance due at that time, or refinancing this amount. On June 17, 2003, the Board refinanced the loan. The new promissory note was in the amount of \$118,368, with an interest rate of 6.17 percent, requiring 59 monthly payments of \$1,016 beginning July 17, 2003, and a final payment estimated at \$91,435 due June 17, 2008. The outstanding principal balance at December 31, 2003 was \$115,836.

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

5. RETIREMENT SYSTEMS

The Board's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, OPERS members contributed 8.5 percent of their gross salaries. The Board contributed an amount equal to 13.55 percent of participants' gross salaries. The Board has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material

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**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Safe and Drug Free Schools and Communities State Grants	22-06662-00-DFSCA- P-03-9069	84.186A	\$ 39,000
	22-06662-00-DFSCA- P-04-9069		<u>12,162</u>
Total U.S. Department of Education			<u>51,162</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Mental Health:</i>			
Medical Assistance Program	ODMH-02	93.778	
	ODMH-03		1,089,114
	ODMH-04		<u>347,357</u>
			<u>1,436,471</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Medical Assistance Program	ODADAS-01	93.778	17,274
	ODADAS-02		10,378
	ODADAS-03		110,575
	ODADAS-03		<u>43,309</u>
			<u>181,536</u>
Total Medical Assistance Program			<u>1,618,007</u>
Social Services Block Grant	MH-15-03	93.667	48,090
	MH-15-04		<u>37,269</u>
Total Social Services Block Grant			<u>85,359</u>
Block Grants for Community Mental Health Services	CPBG-03	93.958	37,713
	CPBG-04		58,772
	FY03-15-BG-C/A		5,463
	FY04-15-BG-C/A		<u>5,557</u>
Total Block Grants for Community Mental Health Services			<u>107,505</u>

(Continued)

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2003
(Continued)**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
Block Grants for Prevention and Treatment of Substance Abuse	FY03-FA/DBG &F/IVBG	93.959	288,669
	FY04-FA/DBG &F/IVBG		144,380
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>433,049</u>
TANF Treatment Allocations	ODADAS-03 ODADAS-04	93.558	10,534 4,699
Total TANF Treatment Allocations			<u>15,233</u>
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	22-00416-SIG-P-04-04	93.243	<u>20,048</u>
Total U.S. Department of Health and Human Services			<u>2,279,201</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Department of Mental Health:</i>			
Crisis Counseling	FEMA-1444-DR-OH	97.032	<u>10,624</u>
Total U.S. Department of Homeland Security			<u>10,624</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$ 2,340,987</u></u>

THE ACCOMPANYING NOTES TO THIS SCHEDULE ARE AN INTEGRAL PART OF THIS SCHEDULE.

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Board's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The Board passes-through certain Federal assistance received from the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services to not-for-profit agencies (subrecipients). As described in Note A, the Board records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Board is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the Board contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Board has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Mental Health and Recovery Board
of Erie and Ottawa Counties
Erie County
416 Columbus Avenue
Sandusky, Ohio 44870-2753

To Members of the Board:

We have audited the financial statements of the Mental Health and Recovery Board of Erie and Ottawa Counties (the Board) as of and for the year ended December 31, 2003, and have issued our report thereon dated September 24, 2004. We conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Board in a separate letter dated September 24, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial

Mental Health and Recovery Board
of Erie and Ottawa Counties
Erie County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
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reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in the this report that we have reported the Board's management in a separate letter dated September 24, 2004.

This report is intended solely for the information and use of the audit committee, management, and the Board, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

September 24, 2004



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Mental Health and Recovery Board
of Erie and Ottawa Counties
Erie County
416 Columbus Avenue
Sandusky, Ohio 44870-2753

To Members of the Board:

Compliance

We have audited the compliance of the Mental Health and Recovery Board of Erie and Ottawa Counties (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

Internal Control over Compliance

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, the Board, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 24, 2004

**MENTAL HEALTH AND RECOVERY BOARD OF ERIE AND OTTAWA COUNTIES
ERIE COUNTY**

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2003

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions 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 weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Medical Assistance Program CFDA 93.778 Block Grants for Prevention and Treatment of Substance Abuse 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?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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**MENTAL HEALTH AND RECOVERY BOARD
OF ERIE AND OTTAWA COUNTIES
ERIE 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
NOVEMBER 4, 2004**