



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

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2009



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mental Health and Recovery Services Board
Of Seneca, Sandusky and Wyandot Counties
Seneca County
600 North River Road
Tiffin, Ohio 44883-1173

To the Members of the Board:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of 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, 2009, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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 Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, Seneca County, Ohio, as of December 31, 2009, and the respective changes in cash financial position thereof and the budgetary comparison for the General, Medicaid and Net Flex funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Board's basic financial statements. The federal awards expenditures schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

April 5, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
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, 2009, 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 2009 are as follows:

- Net assets increased \$508,916 or 17.6% from the prior year. The majority of this increase occurred in governmental funds received in December 2009 and the General fund which realized an increase in assets due to receiving property taxes in Seneca and Wyandot Counties, contracts were entered into for fiscal year 2010 and few expenses had been incurred for the first six months of that period.
- Program specific receipts in the form of charges for services and operating grants and contributions comprise the largest percentage of the Board's receipts, making up almost 80.5% of all the dollars coming into the Board. General receipts in the form of grants and entitlements, property taxes and intergovernmental receipts in Seneca and Wyandot Counties, donations and miscellaneous receipts make up the other 19.5%.
- The Board's disbursements decreased by \$474,295 or 6.7% from the prior year. The majority of this decrease occurred in the governmental non-major funds which realized significant cuts during calendar year 2009.

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 assets and the statement of activities 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

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 generally accepted accounting principles. Under the Board's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Board as a Whole

The statement of net assets and the statement of activities reflect how the Board did financially during 2009, within the limitations of the cash basis of accounting. The Statement of Net Assets – 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 for 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, you can think of these changes as one way to measure the Board's financial health. Over time, increases or decreases in the Board's cash position is one indicator of whether the Board's financial health is improving or deteriorating. When evaluating the Board's financial condition, you should consider other non-financial factors such as the reduction in State and Federal allocations due to economy, one of the three counties reliance on non-local financial resources for operations and the continued growth of Medicaid services.

The Statement of Net Assets and the Statement of Activities present governmental activities, which include all the Board's services. These services are funded primarily by operating grants, property taxes in Seneca and Wyandot Counties and contributions. 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 a separate fund account to better manage its many governmental 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

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, Medicaid and Net Flex funds. 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's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These activities are excluded from the Board's other financial statements because the assets cannot be utilized by the Board to finance its operations.

The Board as a Whole

Table 1 provides a summary of the Board's net assets for 2009 as compared to 2008 on a cash basis.

Table 1
Net Assets

	Governmental Activities 2009	Governmental Activities 2008
<u>Assets</u>		
Equity in Pooled Cash and Cash Equivalents	\$3,397,725	\$2,888,809
<u>Net Assets</u>		
Restricted for:		
Other Purposes	\$2,187,132	\$2,373,246
Unrestricted	1,210,593	515,563
Total Net Assets	\$3,397,725	\$2,888,809

Net assets increased by \$508,916, due primarily to the inception of property taxes and intergovernmental receipts from Seneca and Wyandot Counties, as mentioned above.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Table 2 reflects the change in net assets on a cash basis in 2009 compared to 2008.

**Table 2
Changes in Net Assets**

	Governmental Activities 2009	Governmental Activities 2008
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$4,768	\$3,961
Operating Grants and Contributions	5,725,296	6,350,037
Total Program Receipts:	<u>5,730,064</u>	<u>6,353,998</u>
General Receipts:		
Property Taxes	878,571	
Grants and Entitlements not restricted by specific program	507,109	572,401
Donations	541	3,375
Miscellaneous	627	17,095
Total General Receipts	<u>1,386,848</u>	<u>592,871</u>
Total Receipts	<u>7,116,912</u>	<u>6,946,869</u>
Disbursements:		
Mental Health Services		
Medicaid	2,492,694	2,160,558
Net Flex	1,790,474	2,082,860
Title XX	93,768	89,103
Suicide Prevention	187	
505 Case Management	53,421	256,850
505 Children/Adolescent	254,509	503,535
505 Housing Assistance Program	43,704	70,510
Mental Health Block Grant	57,647	60,008
Forensic Services	7,523	15,053
Screening and Resident Review	9,090	8,145
Cultural Competency	800	
Alcohol and Drug Addiction Services		
State Per Capita	403,001	423,165
Court Referred Driver	6,235	937
Treatment Alternative Street Crimes	159,734	212,515
Federal ADAMHS	466,222	497,161
Substance Abuse Mental Health Services		
Drug Free Community Administration	77,169	99,682
	<u>691,818</u>	<u>602,209</u>
Total Disbursements	<u>6,607,996</u>	<u>7,082,291</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

**UNAUDITED
(Continued)**

Increase/Decrease in Net Assets	508,916	(135,422)
Net Assets January 1	<u>2,888,809</u>	<u>3,024,231</u>
Net Assets December 31	<u><u>\$3,397,725</u></u>	<u><u>\$2,888,809</u></u>

In 2009, 19.5 percent of the Board's total receipts were from general receipts, consisting mainly of state grants and entitlements not restricted by specific programs, property taxes from Seneca and Wyandot Counties, donations and miscellaneous receipts. Program receipts accounted for 80.5 percent of the Board's total receipts in 2009. These receipts consist primarily of charges for services reimbursement from the municipal court for indigent drivers and state and federal operating grants.

Administration accounted for 10.5 percent of the Board's total disbursements for 2009. These costs represent the costs to administer all programs not supported by special revenues and expenditures for services provided from the property taxes for mental health and alcohol and drug addiction services from Seneca and Wyandot Counties. Of the other major governmental funds, 37.7 percent of the Board's total disbursements were from the Medicaid fund and 27.1 percent were from the Net Flex fund.

Governmental Activities

If you look at the Governmental Activities, you will see that the first column lists the governmental activity provided by the Board. The next column identifies the net costs of providing these services. The net Receipts (Disbursements) column compares the program receipts to the cost of the service. The major program disbursements for governmental activities are for Medicaid, Net Flex and Administration which account for 37.7%, 27.1% and 10.5% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by the municipal court charged for services and grants received by the Board that must be used to provide specific service. The net Receipts (Disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by federal and state subsidies. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3. A comparative analysis of government-wide data from 2008 is provided.

**Table 3
Governmental Activities**

	<u>Total Cost of Services 2009</u>	<u>Net Cost of Services 2009</u>	<u>Total Cost of Services 2008</u>	<u>Net Cost of Services 2008</u>
Program expenses:				
Medicaid	\$2,492,694	\$120,905	\$2,160,558	(\$21,700)
Net Flex	1,790,474	(83,704)	2,082,860	107,560
Title XX	93,768	6,320	89,103	930
Suicide Prevention	187	187		
508 Case Management	53,421	37,986	256,850	11,427
508 Children/Adolescent	254,509	56,120	503,535	(4,512)
508 Housing Assistance Program	43,704	43,704	70,510	(3,244)
Mental Health Block Grant	57,647	2	60,008	927
Forensic Services	7,523	(2,647)	15,053	
Screening and Resident	9,090	2,115	8,145	(2,880)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

Review				
Cultural Competency	800	800		
State Per Capita	403,001	25,369	423,165	33,151
Court Referred Driver	6,235	1,467	937	(3,024)
Treatment Alternative Street				
Crime	159,734	(29,362)	212,515	
Federal ADAMHS	466,222	6,852	497,161	7,449
Drug Free Community	77,169		99,682	
Administration	<u>691,818</u>	<u>691,818</u>	<u>602,209</u>	<u>602,209</u>
Total Expenses	<u><u>\$6,607,996</u></u>	<u><u>\$877,932</u></u>	<u><u>\$7,082,291</u></u>	<u><u>\$728,293</u></u>

The Board's Funds

Total governmental funds had receipts of \$7,116,912 and disbursements of \$6,607,996. The greatest change within the governmental funds occurred in the General Fund, Medicaid Fund and the Other Governmental Funds. The fund balance for the General fund increased due to the inception of property taxes for mental health and alcohol and drug addiction services from Seneca and Wyandot Counties and the reduction in MH State Per Capita funds during calendar year 2009. The Medicaid Fund saw an increase of \$332,136 or 8.7% in expenses and \$189,531 in revenue over calendar year 2008. The fund balance of the Other Governmental Funds decreased due to the significant fund reductions during the second half of state fiscal year 2009 and the first half of fiscal year 2010.

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.

During the course of 2009, the Board amended its budget as needed.

- General Fund – final budgeted revenues were \$309,689 more than the original budget. This is due to the first year collection of property taxes for the inception of the property tax levy. Actual revenue was \$659 more than the final budget estimates. Actual expenditures were \$505,471 less than the final budget estimates due to budget cuts.

Capital Assets

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

Current Issues

A major challenge for the Board is to provide quality treatment and prevention services to the public while complying with the restrictions imposed by limited, and in some cases shrinking funding. We rely on allocations and grants through the Ohio Department of Mental Health and the Ohio Department of Alcohol and Drug Addiction Services and are diligent in searching for new funding sources that are closely related to our mission in order to allow our programs to continue. This Board is also quite concerned about providers for Medicaid services located in the State of Ohio to continue to provide services for Medicaid patients. While we recognize the value our consumers have to choose from a selection of many more

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED
(Continued)**

providers for Medicaid services, a huge weight has been placed on the Board's shoulders to plan for services for which we have no mechanism to plan accordingly, and are obligated to dedicate limited resources.

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 Nancy A. Cochran, Executive Director, 600 N. River Road, Tiffin, OH 44883-1173.

**Mental Health and Recovery Services Board
of Sandusky, Seneca and Wyandot Counties**

Seneca County

**Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2009**

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$3,397,725</u></u>
<u>Net Assets</u>	
Restricted for:	
Other Purposes	\$2,187,132
Unrestricted	<u>1,210,593</u>
Total Net Assets	<u><u>\$3,397,725</u></u>

See accompanying notes to the basic financial statements.

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**Mental Health and Recovery Services Board of Sandusky,
Seneca and Wyandot Counties
Seneca County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009**

	<u>Program Cash Receipts</u>		
	<u>Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental Activities			
Mental Health Services			
Medicaid	\$2,492,694		\$2,371,789
Net Flex	1,790,474		1,874,178
Title XX	93,768		87,448
Suicide Prevention	187		
508 Case Management	53,421		15,435
508 Children/Adolescent	254,509		198,389
508 Housing Assistance Program	43,704		
Mental Health Block Grant	57,647		57,645
Forensic Services	7,523		10,170
Screening and Resident Review	9,090		6,975
Cultural Competancy	800		
Alcohol and Drug Addiction Services			
State Per Capita	403,001		377,632
Court Referred Driver	6,235	\$4,768	
Treatment Alternative Street Crime	159,734		189,096
Federal ADAMHS	466,222		459,370
Substance Abuse Mental Health Services			
Drug Free Community	77,169		77,169
Administration	691,818		
Total Governmental Activities	\$6,607,996	\$4,768	\$5,725,296

General Receipts

Property Taxes
Grants and Entitlements not restricted by specific programs
Donations
Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

**Net (Disbursements)
Receipts and Changes in
Net Assets**

Governmental Activities

(\$120,905)
83,704
(6,320)
(187)
(37,986)
(56,120)
(43,704)
(2)
2,647
(2,115)
(800)

(25,369)
(1,467)
29,362
(6,852)

(691,818)

(\$877,932)

878,571
507,109
541
627

1,386,848

508,916

2,888,809

\$3,397,725

Mental Health and Recovery Services Board of Sandusky, Seneca and Wyandot Counties
Seneca County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	<u>General</u>	<u>Medicaid</u>	<u>Net Flex</u>	<u>Other Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$1,210,593</u>	<u>\$360,982</u>	<u>\$1,166,435</u>	<u>\$659,715</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$183,438	\$108,101	\$196,631	\$174,535
Unreserved, Undesignated, Reported in:				
General Fund	1,027,155			
Special Revenue Funds		<u>252,881</u>	<u>969,804</u>	<u>485,180</u>
Total Fund Balances	<u>\$1,210,593</u>	<u>\$360,982</u>	<u>\$1,166,435</u>	<u>\$659,715</u>

See accompanying notes to the basic financial statements

**Total
Governmental
Funds**

\$3,397,725

\$662,705

1,027,155

1,707,865

\$3,397,725

Mental Health and Recovery Services Board of Sandusky, Seneca 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, 2009

	<u>General</u>	<u>Medicaid</u>	<u>Net Flex</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts					
Property Taxes	\$878,571				\$878,571
Fines and Forfeitures				\$4,768	4,768
Investment Income					
Intergovernmental	507,109	\$2,371,789	\$1,874,178	1,479,329	6,232,405
Donations	541				541
Miscellaneous	627				627
Total Receipts	<u>1,386,848</u>	<u>2,371,789</u>	<u>1,874,178</u>	<u>1,484,097</u>	<u>7,116,912</u>
Disbursements					
Current:					
Mental Health Services					
Medicaid		2,492,694			2,492,694
Net Flex			1,790,474		1,790,474
Title XX				93,768	93,768
Suicide Prevention				187	187
508 Case Management				53,421	53,421
Tobacco Settlement					
508 Children/Adolescent				254,509	254,509
508 Housing Assistance Program				43,704	43,704
Mental Health Block Grant				57,647	57,647
Forensic Services				7,523	7,523
Screening and Resident Review				9,090	9,090
Cultural Competancy				800	800
Alcohol and Drug Addiction Services					
State Per Capita				403,001	403,001
Court Referred Driver				6,235	6,235
Treatment Alternative Street Crime				159,734	159,734
Federal ADAMHS				466,222	466,222
Substance Abuse Mental Health Services					
Drug Free Community				77,169	77,169
Administration	691,818				691,818
Total Disbursements	<u>691,818</u>	<u>2,492,694</u>	<u>1,790,474</u>	<u>1,633,010</u>	<u>6,607,996</u>
Excess of Receipts Over (Under) Disbursements	<u>695,030</u>	<u>(120,905)</u>	<u>83,704</u>	<u>(148,913)</u>	<u>508,916</u>
Fund Balances Beginning of Year	<u>515,563</u>	<u>481,887</u>	<u>1,082,731</u>	<u>808,628</u>	<u>2,888,809</u>
Fund Balances End of Year	<u>\$1,210,593</u>	<u>\$360,982</u>	<u>\$1,166,435</u>	<u>\$659,715</u>	<u>\$3,397,725</u>

See accompanying notes to the basic financial statements.

Mental Health and Recovery Services of Sandusky, Seneca and Wyandot Counties
Seneca County
Statement of Receipts, Disbursements and Changes in Fund Balance-Budget Basis
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$840,935	\$877,912	\$878,571	659
Intergovernmental	235,565	507,109	507,109	
Donations		541	541	
Miscellaneous		627	627	
Total Receipts	<u>1,076,500</u>	<u>1,386,189</u>	<u>1,386,848</u>	<u>659</u>
Disbursements				
Current:				
Mental Health Services				
Administration	<u>1,030,510</u>	<u>1,380,727</u>	<u>875,256</u>	<u>505,471</u>
Excess of Receipts Over Disbursements	<u>45,990</u>	<u>5,462</u>	<u>511,592</u>	<u>506,130</u>
Fund Balance Beginning of Year	482,543	482,543	482,543	
Prior Year Encumbrances Appropriated	<u>33,020</u>	<u>33,020</u>	<u>33,020</u>	
Fund Balance End of Year	<u><u>\$561,553</u></u>	<u><u>\$521,025</u></u>	<u><u>\$1,027,155</u></u>	<u><u>\$506,130</u></u>

See accompanying notes to the basic financial statements

Mental Health and Recovery Services of Sandusky, Seneca and Wyandot Counties
Seneca County
Statement of Receipts, Disbursements and Changes in Fund Balance-Budget Basis
Medicaid Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$2,228,000	\$2,350,803	\$2,371,789	\$20,986
Disbursements				
Current:				
Mental Health Services				
Medicaid	2,228,000	2,601,385	2,600,795	590
Excess of Receipts (Under) Disbursements		(250,582)	(229,006)	21,576
Fund Balance Beginning of Year	228,502	228,502	228,502	
Prior Year Encumbrances Appropriated	253,385	253,385	253,385	
Fund Balance End of Year	<u>\$481,887</u>	<u>\$231,305</u>	<u>\$252,881</u>	<u>\$21,576</u>

See accompanying notes to the basic financial statements

Mental Health and Recovery Services of Sandusky, Seneca and Wyandot Counties
Seneca County
Statement of Receipts, Disbursements and Changes in Fund Balance-Budget Basis
Net Flex Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$2,011,385	\$1,874,178	\$1,874,178	
Disbursements				
Current:				
Mental Health Services				
Net Flex	1,994,516	2,329,038	1,987,105	\$341,933
Excess of Receipts Over (Under) Disbursements	16,869	(454,860)	(112,927)	341,933
Fund Balance Beginning of Year	772,407	772,407	772,407	
Prior Year Encumbrances Appropriated	310,324	310,324	310,324	
Fund Balance End of Year	<u>\$1,099,600</u>	<u>\$627,871</u>	<u>\$969,804</u>	<u>\$341,933</u>

See accompanying notes to the basic financial statements

**Mental Health and Recovery Services Board of Sandusky,
Seneca and Wyandot Counties
Seneca County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
For the Year Ended December 31, 2009**

	<u>Private Purpose Trust</u>
Total Assets	<u><u>\$20,321</u></u>
Net Assets	
Total Net Assets	<u><u>\$20,321</u></u>

See accompanying notes to the basic financial statements

**Mental Health and Recovery Services Board of Sandusky,
Seneca and Wyandot Counties
Seneca County
Statement of Changes in Cash Basis -Fiduciary Net Assets
Fiduciary Fund
For the Year Ended December 31, 2009**

	<u>Private Purpose Trust</u>
Additions:	
Interest	<u>\$65</u>
Net Assets at Beginning of Year	<u>20,256</u>
Net Assets at End of Year	<u><u>\$20,321</u></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 Financial Statements
For the Year Ended December 31, 2009

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties, Seneca County, (the Board) as a body corporate and politic. An eighteen-member Board is the governing body. Ten members of the Board are appointed by the Board of County Commissioners from the respective counties of which members are residents, four members are appointed by the State of Ohio, Department of Mental Health and four members are appointed by the State of Ohio, Department of Alcohol and Drug 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: Sandusky County 61,753 (43 percent), Seneca County 57,734 (41 percent), and Wyandot County 22,826 (16 percent).

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 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. The Board has no component units.

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). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Board's accounting policies.

Mental Health and Recovery Services Board of
Seneca, Sandusky and Wyandot Counties

Seneca County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets 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 assets presents the cash balance of the governmental activities of the Board at year-end. The statement of activities 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:

General Fund - The General Fund accounts for 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.

Mental Health and Recovery Services Board of
Seneca, Sandusky and Wyandot Counties

Seneca County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Medicaid Fund - This fund receives federal money for services rendered by provider agencies.

Net Flex Fund – This fund receives state money for the local match for Medicaid expenditures and support services for disabled adults and children.

Fiduciary Fund

Fiduciary fund includes a private purpose trust fund. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Board's own programs. The Board had the following significant Fiduciary Fund:

Donelson Trust – This fund is a private purpose trust fund used for the benefit of the people residing in Wyandot County who require mental health assistance.

The other governmental funds of the Board account for grants and other resources whose use is restricted for a particular purpose.

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 a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in these financial statements.

D. Budgetary Process

All 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.

Mental Health and Recovery Services Board of
Seneca, Sandusky and Wyandot Counties

Seneca County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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

E. Cash and Investments

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

G. Accumulated Leave

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

H. Employer Contributions to Cost-Sharing Pension Plans

The Board recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily include grants for specific purposes.

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

J. Fund Balance Reserves

The Board reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

Mental Health and Recovery Services Board of
Seneca, Sandusky and Wyandot Counties

Seneca County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

K. Interfund Transactions

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

Note 3 – 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, the Medicaid Fund, and the Net Flex 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 outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$183,438 for the General Fund, \$108,101 for the Medicaid Fund, and \$196,631 for the Net Flex Fund.

Note 4 – Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property 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. These taxes will be collected and are intended to finance operations. Assessed values for real property taxes are established by State Statute at 35 percent of appraised market value. All property is required to be revaluated every six years. The last revaluation was completed in 2003, and the last triennial update was completed in 2006. 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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Mental Health and Recovery Services Board of
Seneca, Sandusky and Wyandot Counties

Seneca County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 4 – Property Taxes (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Board due to the phasing out of the tax. In calendar years 2008-2010, the Board will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The full tax rate for all Board operations for the year ended December 31, 2009 was \$3.20 per \$1,000 of assessed value. The assessed values of real, public utility, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real property	\$ 888,127,020
Public Utility Personal Property	<u>48,924,390</u>
Total Assessed Valuation	<u>\$ 937,051,410</u>

Note 5 – 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 Worker's Compensation.

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime;
- Public Employee Dishonesty;
- Directors and Officers Liability.

Note 6 - Defined Benefit Pension Plan

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

Mental Health and Recovery Services Board of
Seneca, Sandusky and Wyandot Counties

Seneca County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 6 - Defined Benefit Pension Plan (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2009, members of all three plans, were required to contribute 10 percent of their annual covered salaries. The Board's contribution rate for pension benefits for 2009 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Board's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$38,914, \$36,207, and \$33,090, respectively. The full amount has been contributed for 2009, 2008 and 2007.

Note 7 - Postemployment Benefits

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 employer contribution rate was 17.4 percent of covered payroll, local government employer contributed 14 percent of covered payroll; 7 percent was the portion used to cover health care for 2009.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS' latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 4.00 percent annually for the next 7 years. In subsequent years (9 and beyond) were assumed to increase at 4 percent.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 363,503. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17 billion, respectively.

Mental Health and Recovery Services Board of
Seneca, Sandusky and Wyandot Counties

Seneca County

Notes to the Financial Statements
For the Year Ended December 31, 2009
(Continued)

Note 7 - Postemployment Benefits (Continued)

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

Note 8 – Contingencies – 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.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, SANDUSKY AND WYANDOT COUNTIES
SENECA COUNTY
FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2009**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Ohio Department of Mental Health:</i>			
Social Services Block Grant		93.667	\$ 49,961 <u>43,808</u>
Total Social Services Block Grant			<u>93,769</u>
Block Grants for Community Mental Health Services	125-CS-09-01	93.958	11,622 11,003 29,583 <u>28,064</u>
Total Block Grants for Community Mental Health Services	CPBG 09 CPBG 10		<u>80,272</u>
Promoting Safe and Stable Families	FAST 09	93.556	<u>34,339</u>
Community Based Child Abuse Prevention Grant		93.590	<u>14,827</u>
Medical Assistance Program	MH-FY08 MH-FY09 MH-FY10	93.778	15,239 1,369,766 422,953 160 181,832 <u>53,347</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
Total Medical Assistance Program			<u>2,043,297</u>
ARRA - Medical Assistance Program	MH-FY 08 MH-FY09 MH-FY10 ADA-FY 08 ADA-FY 09 ADA-FY10	93.778	(3) 150,823 67,777 (194) 18,957 <u>8,555</u>
Total ARRA - Medical Assistance Program			<u>245,915</u>
<i>Direct Assistance:</i>			
Drug-Free Communities Support Program Grants	5H79SP11282-06	93.276	<u>77,169</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services:</i>			
State Children's Insurance Program	SCIP -08 SCIP -09 SCIP -09-01 SCIP -10 SCIP -10-01	93.767	258 14,037 128,106 24,769 <u>36,310</u>
Total Children's Insurance Program			<u>203,480</u>
Block Grants for Prevention and Treatment of Substance Abuse	TASC-09 TASC-10 DFCC-09 DFCC-10 SAPT-08 SAPT-09 SAPT-10	93.959	101,009 58,725 21,388 10,972 1,047 281,531 151,284 <u>2,092</u>
Total Substance Abuse Prevention and Treatment Block Grant			<u>628,048</u>
Total Federal Awards Expenditures			<u>\$ 3,421,116</u>

The accompanying notes to this schedule are an integral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

NOTE C - MATCHING REQUIREMENTS

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

NOTE D – NEGATIVE EXPENDITURES

The negative expenditures occurred due to the timing of when the ARRA funds were received.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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
600 North River Road
Tiffin, Ohio 44883-1173

To the Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, Seneca County, Ohio (the Board) as of and for the year ended December 31, 2009, which collectively comprise the Board's basic financial statements and have issued our report thereon dated April 5, 2010, wherein we noted the Board uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Board's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Board's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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*.

We intend this report solely for the information and use of the audit committee, management, the Members of the Board, federal awarding agencies and pass-through entities and others within the Board. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 5, 2010



Mary Taylor, CPA

Auditor of State

Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Mental Health and Recovery Services Board
of Seneca, Sandusky and Wyandot Counties
Seneca County
600 North River Road
Tiffin, Ohio 44883-1173

To the Members of the Board:

Compliance

We have audited the compliance of Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties, Seneca County, Ohio (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 apply to its major federal program for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Board's major federal program. The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Mental Health and Recovery Services Board of Seneca, Sandusky and Wyandot Counties complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, the Members of the Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 5, 2010

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2009**

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 weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510 (a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Medical Assistance Program – MEDICAID – CFDA # 93.778
<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 FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

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

SENECA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 6, 2010**