



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

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 Members of the Board:

We have audited the accompanying financial statements of the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties, Seneca County, (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 Services
Board of Seneca, Sandusky, and Wyandot Counties
Seneca 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 August 31, 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, and 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

August 31, 2004

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

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Grants	\$ 370,085	\$ 5,123,648		\$ 5,493,733
Investment Income			\$ 171	171
Gifts, Donations, and Bequests	2,408			2,408
Other Receipts	18,798	1,202		20,000
Total Cash Receipts	<u>391,291</u>	<u>5,124,850</u>	<u>171</u>	<u>5,516,312</u>
Cash Disbursements:				
Current:				
Salaries	178,851	1,611		180,462
Supplies	4,276	2,531		6,807
Equipment	972			972
Contracts - Services	148,255			148,255
Legal	8,885	692		9,577
Medicare	1,442	5		1,447
Insurance	1,622	35,027		36,649
Travel	10,468	284		10,752
Public Employee's Retirement	28,287	218		28,505
Worker's Compensation		25		25
Project Fund Disbursements		4,804,608		4,804,608
Other	107,166	1,996		109,162
Total Disbursements	<u>490,224</u>	<u>4,846,997</u>		<u>5,337,221</u>
Total Receipts Over/(Under) Disbursements	<u>(98,933)</u>	<u>277,853</u>	<u>171</u>	<u>179,091</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	282,823	9,633		292,456
Transfers-Out	(8,333)	(284,123)		(292,456)
Reimbursements		144,225		144,225
Total Other Financing Receipts/(Disbursements)	<u>274,490</u>	<u>(130,265)</u>		<u>144,225</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	175,557	147,588	171	323,316
Fund Cash Balances, January 1	189,110	2,848,371	22,642	3,060,123
Fund Cash Balances, December 31	<u><u>\$ 364,667</u></u>	<u><u>\$ 2,995,959</u></u>	<u><u>\$ 22,813</u></u>	<u><u>\$ 3,383,439</u></u>
Reserves for Encumbrances, December 31	<u><u>\$ 13,845</u></u>	<u><u>\$ 961,686</u></u>		<u><u>\$ 975,531</u></u>

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

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**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, SANDUSKY, AND WYANDOT COUNTIES
SENECA 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 Services Board of Seneca, Sandusky, and Wyandot Counties, Seneca County, (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. 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. These services are provided primarily through contracts with private and public agencies, area certified to deliver mental health and/or alcohol and drug addiction services.

The Board plans for, contracts for, monitors and evaluates services to and is a joint venture of Sandusky, Seneca and Wyandot Counties. The counties share in the equity of the Board based on the percentages of the population within the three counties. The population in each of the joint venture participants is: Sandusky County 61,792 (43 percent), Seneca County 58,683 (41 percent), and Wyandot County 22,908 (16 percent).

The Seneca County Auditor and Seneca County Treasurer are responsible for accountability of records and cash assets of the Board which are maintained in the funds described below.

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).

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

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

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

C. Cash and Investments

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

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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Board had the following significant Special Revenue Funds:

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

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

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 Fund:

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

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

Donelson Trust - This fund is an expendable trust fund to be used for the benefit of the people residing in Wyandot County who require mental health assistance.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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.

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

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

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	\$ 467,572	\$ 674,114	\$ 206,542
Special Revenue	5,354,145	5,278,708	(75,437)
Fiduciary	72	171	99
Total	\$ 5,821,789	\$ 5,952,993	\$ 131,204

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 607,213	\$ 512,402	\$ 94,811
Special Revenue	6,936,115	6,092,806	843,309
Total	\$ 7,543,328	\$ 6,605,208	\$ 938,120

3. 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

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

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

equal to 13.55 percent of participants' gross salaries. The Board has paid all contributions required through December 31, 2003.

4. RISK MANAGEMENT

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Property
- Crime
- Electronic Data Processing
- Comprehensive General Liability.

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**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SENECA, SANDUSKY, AND WYANDOT COUNTIES
SENECA 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 HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Mental Health</i>			
Block Grants for Community Mental Health Services			
Community Plan Block Grant	CPBG 03	93.958	\$ 38,081
Community Plan Block Grant	CPBG 04		20,775
Children/Adolescent Core Block Grant	CABG03		11,582
Children/Adolescent Core Block Grant	CABG04		11,590
Total Block Grants for Community Mental Health Services			<u>82,028</u>
Social Services Block Grant - Title XX	MH-42-0203	93.667	44,223
	MH-42-0204		50,238
Total Social Services Block Grant - Title XX			<u>94,461</u>
Mental Health Disaster Assistance and Emergency Mental Health		93.982	3,573
Total Mental Health Disaster Assistance and Emergency Mental Health			<u>3,573</u>
Medical Assistance Program - Title XIX	MH-FY02	93.778	8,150
	MH-FY03		978,857
	MH-FY04		292,034
			<u>1,279,041</u>
<i>Passed Through Ohio Department of Alcohol and Drug Addiction Services</i>			
Medical Assistance Program - Title XIX	ADA-FY02	93.778	5,053
	ADA-FY03		187,530
	ADA-FY04		53,793
Total Medical Assistance Program - Title XIX			<u>246,376</u> 1,525,417
Block Grants for Prevention and Treatment of Substance Abuse	SAPT 01	93.959	135,190
	SAPT 03		293,589
	SAPT 04		107,443
Drug Free Community Coalition	FY 03		44,795
	FY 04		22,500
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>603,517</u>
Total Federal Awards Expenditures			<u>\$ 2,308,996</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**MENTAL HEALTH AND RECOVERY SERVICES BOARD
OF SANDUSKY, SENECA AND WYANDOT COUNTIES
SENECA 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 Alcohol and Drug Addiction Services to other governments or 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.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL 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 Members of the Board:

We have audited the accompanying financial statements of the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot Counties (the Board) as of and for the year ended December 31, 2003, and have issued our report thereon dated August 31, 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 performed tests of 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*.

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 Services Board
of Seneca, Sandusky, and Wyandot Counties
Seneca 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.

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.



Betty Montgomery
Auditor of State

August 31, 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 Services Board
of Seneca, Sandusky, and Wyandot Counties
Seneca County
600 North River Road
Tiffin, Ohio 44883-1173

To Members of the Board:

Compliance

We have audited the compliance of the Mental Health and Recovery Services Board of Seneca, Sandusky, and Wyandot 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 its major federal program for the year ended December 31, 2003. The Board's major federal program is 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 the major federal program 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.

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In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to its major federal program 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

August 31, 2004

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

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

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Medical Assistance Program Title XIX CFDA #93.778
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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MENTAL HEALTH & RECOVERY SERVICES BD. OF SENECA, SANDUSKY & WYANDOT CO.

SENECA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 21, 2004**