

**ALCOHOL, DRUG AND MENTAL HEALTH
BOARD OF FRANKLIN COUNTY
(A BLENDED COMPONENT UNIT OF FRANKLIN COUNTY)
FRANKLIN COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2019**

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY
DECEMBER 31, 2019**

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FRANKLIN COUNTY
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88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Alcohol, Drug and Mental Health Board of Franklin County
Franklin County
447 East Broad Street
Columbus, Ohio 43215

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcohol, Drug and Mental Health Board of Franklin County, Franklin County, Ohio (the ADAMH Board), a blended component unit presented as a major special revenue fund of Franklin County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the ADAMH Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcohol, Drug and Mental Health Board of Franklin County, Franklin County, Ohio, as of December 31, 2019, and the respective changes in financial position thereof and the respective budgetary comparisons for the General; State Mental Health, Alcohol and Drug; and Federal Mental Health, Alcohol and Drug Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 12 to the financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the ADAMH Board. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the ADAMH Board's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2020, on our consideration of the ADAMH Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ADAMH Board's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

June 11, 2020

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ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

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

As management of the Alcohol, Drug and Mental Health Board of Franklin County (“the ADAMH Board”), we are providing this overview of the ADAMH Board’s financial activities for the year ended December 31, 2019. Please read this overview in conjunction with the ADAMH Board’s basic financial statements, which follow.

The ADAMH Board is included as a blended component unit within the Franklin County Comprehensive Annual Financial Report as a major special revenue fund. The ADAMH Board uses its General Fund to report its financial position and results of operations. We believe these financial statements present all activities for which the ADAMH Board is financially responsible.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2019 are as follows:

- The ADAMH Board’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of 2019 by \$58,749,435. Of this amount; \$18,675,182 is considered restricted.
- As of the close of 2019, the ADAMH Board’s governmental funds reported combined ending restricted fund balances of \$9,503,886.
- As of the close of 2019, the ADAMH Board has cumulated deposit amounts totaling \$61,361,650.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the ADAMH Board as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

Government-wide Financial Statements

The government-wide financial statements provide information about the activities of the whole ADAMH Board, presenting both an aggregate view of the ADAMH Board’s finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the ADAMH Board’s most significant funds with all other non-major funds presented in total in one column.

While this document contains information about the funds used by the ADAMH Board to provide services to our citizens, the view of the ADAMH Board as a whole looks at all financial transactions and asks the question, “How did we do financially during the year ended December 31, 2019?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the ADAMH Board’s net position and changes in net position. This change in net position is important because it tells the reader whether, for the ADAMH Board as a whole, the financial position of the ADAMH Board has improved or diminished. However, in evaluating the overall position of the ADAMH Board, non-financial information such as the condition of the ADAMH Board’s capital assets will also need to be evaluated.

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FRANKLIN COUNTY

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Fund Financial Statements

Fund financial statements provide detailed information about the ADAMH Board's major funds. Based upon restrictions on the use of monies, the ADAMH Board has established many funds which account for the multitude of services provided to their constituents. The ADAMH Board's funds are divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

The ADAMH Board's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the ADAMH Board's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to their constituents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled as part of the financial statements.

The ADAMH Board maintains five individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, State Fund and Federal Fund. Data from the other two governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found starting on page 17 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the ADAMH Board. Fiduciary funds are not reflected in the government-wide financial statements because those resources are not available to support the ADAMH Board's own programs. The basic fiduciary fund financial statement can be found on page 23.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 25 of this report.

THE ADAMH BOARD AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the ADAMH Board as a whole. Table 1, below, provides a summary of the ADAMH Board's net position for 2019 compared to 2018.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

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

Table 1 - Net Position

	Governmental Activities	
	2019	2018
Current and Other Assets	\$133,047,511	\$138,703,602
Capital Assets	2,134,292	1,672,113
Total Assets	\$135,181,803	\$140,375,715
Deferred Outflows of Resources:		
Pension	\$2,232,149	\$1,042,377
OPEB	\$320,918	\$213,524
Total Deferred Outflows of Resources	\$2,553,067	\$1,255,901
Current Liabilities	\$12,168,227	\$6,356,000
Net Pension Liability	7,322,406	4,089,360
Net OPEB Liability	3,417,512	2,774,870
Long-term Liabilities	824,242	776,771
Total Liabilities	\$23,732,387	\$13,997,001
Deferred Inflows of Resources:		
Property Tax	\$55,142,000	\$54,382,000
Pension	101,776	1,029,908
OPEB	9,272	206,710
Total Deferred Inflows of Resources	\$55,253,048	\$55,618,618
Net Investment in Capital Assets	\$2,134,292	\$1,672,113
Restricted for:		
Health Services	18,675,182	13,477,428
Unrestricted	37,939,961	56,866,456
Total Net Position	\$58,749,435	\$72,015,997

Total assets decreased by \$5,193,912 between 2018 and 2019, while total liabilities increased by \$9,735,386.

The decrease in assets can be attributed to ADAMH's five year levy strategy to deficit finance for the remainder of the levy cycle. ADAMH is planning to spend down approximately \$50 million in budget stabilization reserves between 2017-2021. The jump in liabilities is a result of an increase in provider payables at year-end of about \$5.2 million and an increase in pension and other post-employment benefit liabilities of almost \$3.9 million.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)

Table 2 - Changes in Net Position

	Governmental Activities	
	2019	2018
Program Revenues:		
Operating Grants and Contributions	\$26,056,903	\$21,186,064
General Revenues:		
Property Taxes	54,200,834	53,907,419
Grants and Entitlements not restricted to specific programs	3,571,150	7,551,677
Other Unrestricted Revenues	590	1,515
Total Revenues	\$83,829,477	\$82,646,675
Expenses:		
Health Services	\$87,413,060	\$80,160,113
General Government	9,682,979	8,331,551
Total Expenses	\$97,096,039	\$88,491,664
Changes in Net Position	(\$13,266,562)	(\$5,844,989)
Net Position - Beginning	72,015,997	77,860,986
Net Position - Ending	\$58,749,435	\$72,015,997

Program revenues consist mainly of grants from federal and state sources. Health services expenses consist solely of contract payments to service providers. General government expenses are the administrative expenses of the ADAMH Board.

Operating Grants and Contributions increased by \$4,870,839 between 2018 and 2019. Of this increase, approximately \$2.5 million can be attributed to Crisis Stabilization funding from the Ohio Department of Mental Health and Addiction Services. Another \$1.3 million or the increase is a result of additional activity related to the Opiate Public Service Awareness campaign, of which ADAMH is the fiscal agent.

Total versus Net Cost of Services

The Statement of Activities shows the cost of program services and the grants associated with those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues. When applicable, the net cost of program services must be supported by general revenues including tax revenue and unrestricted grants.

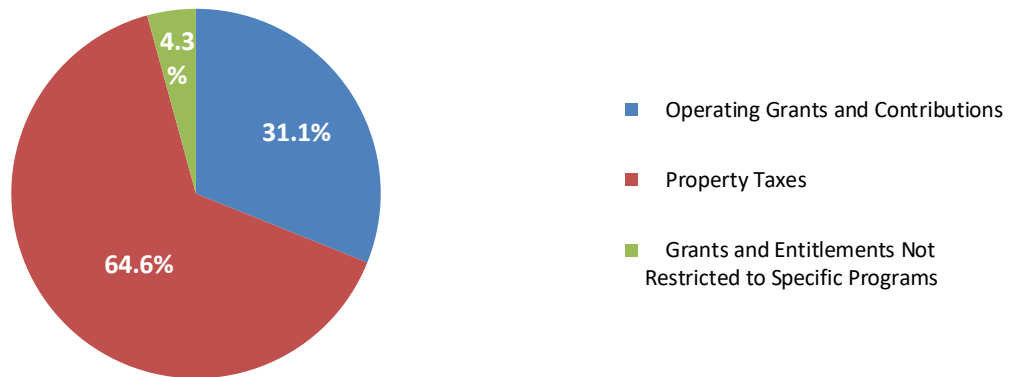
Table 3 - Functions/Programs

Functions / Programs	2019 Total Cost of Services	2018 Total Cost of Services	2019 Net Cost of Services	2018 Net Cost of Services
Governmental Activities:				
Health Services	\$87,413,060	\$80,160,113	\$61,551,876	\$59,222,969
General Government	9,682,979	8,331,551	\$9,487,260	\$8,082,631
Total Governmental Activities	\$97,096,039	\$88,491,664	\$71,039,136	\$67,305,600

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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The ADAMH Board's reliance upon both grants and property taxes is demonstrated by the pie chart below indicating 31.1% of total revenues from operating grants and contributions, approximately 64.6% of revenues from property taxes, and approximately 4.3% of revenues from grants and entitlements not restricted to specific programs. The general revenues from property taxes and grants and entitlements not restricted to specific programs are intended to cover the net cost of services indicated in Table 3, above.



Property taxes (\$54.2 million) are generated from a 2.2 mill 5-year levy that began collections in calendar year 2017. Revenues in this category are contingent upon property valuations of residential and commercial real estate.

Grants and entitlements not restricted to specific programs (\$3.6 million) are comprised of State reimbursements of property taxes (real estate, personal property, personal property replacement and manufactured homes). Operating grants and contributions were \$26.1 million.

THE ADAMH BOARD'S FUNDS

As noted earlier, the ADAMH Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the ADAMH Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the ADAMH Board's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the ADAMH Board's net resources available for spending at the end of the year.

At the end of 2019, the ADAMH Board's governmental funds reported a combined ending fund balance of \$51,763,160, a \$10,895,211 (17%) decrease from the prior year.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2019.

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FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 4 - Changes in Governmental Assets

	<u>Fund Balance</u> <u>12/31/2019</u>	<u>Fund Balance</u> <u>12/31/2018</u>	<u>Increase /</u> <u>(Decrease)</u>
General Fund	\$42,268,639	\$57,095,260	(\$14,826,621)
State Fund	4,634,048	2,178,580	2,455,468
Federal Fund	3,735,961	0	3,735,961
Other Governmental Funds	1,124,512	3,384,531	(2,260,019)
Total	<u>\$51,763,160</u>	<u>\$62,658,371</u>	<u>(\$10,895,211)</u>

* Federal Fund had been included with Other Governmental Funds in 2018.

GENERAL FUND BUDGETARY INFORMATION

The ADAMH Board's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances.

During the course of 2019, the ADAMH Board amended its General Fund revenue budget throughout the year. For the General Fund, original and final budgeted revenues were \$60,383,532 and \$60,686,519, respectively. Actual revenues for fiscal year 2019 were \$62,453,014. This represents a \$1,766,495 surplus of final budgeted revenues.

General Fund original and final appropriations were \$82,205,115 and \$82,362,724, respectively. The actual 2019 budget basis expenditures totaled \$72,505,331 (\$9,857,393 less than the budgeted appropriations). Unrealized appropriations can be partially attributed to Providers having until January 31, 2020 to submit claims for contract year 2019 activity. \$9,128,970 of contract year 2019 expenditures did not occur until calendar year 2020.

CAPITAL ASSETS

The ADAMH Board's investment in capital assets for its governmental activities as of December 31, 2019 amounts to a total cost of \$4,209,058 or \$2,134,293 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, and machinery and equipment. A portion of the ADAMH Board's investment in capital assets includes the Engagement Center, a mental health and substance use disorder treatment facility. Total depreciation for the twelve-month period was \$53,223. Detailed information regarding capital asset activity is included in the Note 4 to the basic financial statements.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

1. Over the next five years, the ADAMH Board envisions the consumer landscape will be impacted by the following challenges and opportunities:
 - a. Changing community demographics, continuing severe economic stressors and increased complexity of consumer and family needs will challenge the ADAMH Board to provide culturally competent services, delivered by culturally capable professionals that address the following socioeconomic and health factors:
 - i. Sustained levels of unemployment and associated mental health and addiction implications;
 - ii. Increased poverty—more people are in more extreme poverty;
 - iii. People exposed to trauma (neighborhood, war, etc.);
 - iv. Children, youth and families at risk;
 - v. Emerging immigrants;
 - vi. Stigma;
 - vii. Aging population and caregivers;
 - viii. Integration of increased numbers of ex-offenders into community;
 - ix. Diversion from jails/prisons;
 - x. Increasing acuity of consumers at time of entry into system;
 - xi. Homelessness; and
 - xii. The opiate epidemic is a national crisis. Ohio, including Franklin County, has been especially hard hit. Unanticipated demand for new crisis and treatment services will tax the Board's reserves.
 - b. Increasing number of diverse healthcare plans, including national healthcare reform and Medicaid expansion, with differing benefits (e.g. access to medications) will challenge consumers and families in meeting their expectations from multiple public payer systems.
 - c. A significant increase in the need for specialized treatments for individuals with dual disorders (i.e. both mental health and substance use disorder) as well as an increase in the demand for intensive treatments (e.g. high use of psychiatric beds and crisis services.).
 - d. An expectation for health care “homes” in which mental health and substance use disorder treatment is integrated with primary healthcare rather than a separate and distinct system.
 - e. Increased demand for more supportive housing and support services (e.g. vocational, crisis stabilization) will require the ADAMH Board to determine the un-met need and the level of supports that are required within a continuum of care.
 - f. Increased advocacy from consumers and family members for vital services from the public system of care.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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2. The ADAMH Board envisions the provider network will be impacted by the following challenges and opportunities:
 - a. Capability of providers to meet the demands of consumers will be challenged by:
 - i. Rapidly changing reimbursement environment with multiple healthcare plans for insured & non-insured consumers;
 - ii. State sponsored behavior healthcare redesign for the Medicaid program including the transition to managed care;
 - iii. Increased demand for price, quality, transparency, and performance reimbursements; and
 - iv. Insufficient diversity in the workforce.
 - b. Opportunity to partner with primary healthcare providers to develop integrated systems of care that address both the mental health and substance use disorder treatment and physical healthcare needs of the patient.
 - c. Sustainability of the current provider system (e.g. network of providers) in light of changing reimbursement structures.
3. The ADAMH Board envisions the community will be impacted by the following challenges and opportunities:
 - a. Availability of discretionary funds (resources available) is uncertain due to the:
 - i. The expiration of the Board's current five year renewal levy in 2021; and
 - ii. Reduction of non-levy discretionary funds as a result of State allocation policies.
 - b. Re-definition of the ADAMH Board's relationship with the State's hospitalization program.
 - c. Increased number of consumers who are Medicaid-eligible will require the ADAMH Board to:
 - i. Re-define its relationship with the Medicaid program; and
 - ii. Evaluate the impact of the State's Medicaid cost-containment, including the possibility of managed care.
 - d. Impact of Federal Affordable Healthcare Act on the ADAMH Board system of care from 2014 and beyond is uncertain due to the:
 - i. Development of medical home models;
 - ii. Growth in Medicaid eligibility;
 - iii. Development of health care exchanges;
 - iv. Employer choice to opt-in/out;
 - v. Continuing political/legal challenges to implementation; and
 - vi. Health information technologies.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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- e. Changing community expectations for priority prevention and treatment services that will be available within the new business environment:
 - i. Integration of new models of prevention services into diverse learning environments;
 - ii. New requirements for school-based civic service or service leadership may create opportunities for community organizations;
 - iii. Increase of violence, crime, and deteriorating conditions in certain communities threaten the health, safety and stability of its citizens (particularly youth);
 - iv. Loss of income, housing, jobs, and other life-threatening conditions are negatively impacting the health/stability of citizens and families;
 - v. Integration of new models of treatment services that incorporate peer supported environments;
 - vi. Faith institutions are being sought by residents seeking a wide range of services (i.e., food, shelter, counseling, youth programs, safety, etc.).
- f. Increased poverty—more people are in more extreme poverty.
- g. Increased expectations among all funders for systems to collaborate.
- h. Increased advocacy from and for consumers and family members for vital services.
- i. The global COVID-19 pandemic will materially shift how behavioral healthcare services are rendered in the future. The use of technology (telehealth/telemedicine) is anticipated to become more prevalent moving forward. A prolonged recession triggered by the pandemic may also impact ADAMH funding:
 - i. Federal and State funding levels may be reduced.
 - ii. The timing and/or millage request for ADAMH's next levy may need to be adjusted.

4. Levy Revenues

The reduction in housing values from the sexennial assessment resulted in a 6.2% decrease in 2011 property tax values. In 2012, Class 1 (Residential/Agriculture) valuations were flat and Class 2 (Commercial) valuations decreased by an additional 2.7%. In addition, the SFY 2012-13 state biennial budget accelerated the phase out of the TPP hold harmless provisions. Both of these factors have decreased the revenue received from the ADAMH Board property tax levy.

Description	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REAL ESTATE TAX	\$53,674,034	\$53,092,693	\$50,499,792	\$50,886,274	\$50,463,683	\$50,720,564	\$52,052,543	\$53,163,794	\$54,013,811	\$54,275,015
PERSONAL PROPERTY TAX	\$168,071	\$37,704	\$36,299	\$30,011	\$14,082	\$2,546	\$3,943	\$73	\$1,820	\$5,238
HOUSE TRAILER TAX	\$23,830	\$23,140	\$24,424	\$24,651	\$22,749	\$24,496	\$25,321	\$20,573	\$19,788	\$21,581
STATE REIMB-REAL ESTATE TAXES	\$6,001,417	\$6,039,324	\$5,689,810	\$5,723,513	\$5,816,615	\$5,810,773	\$5,798,335	\$5,787,460	\$5,658,026	\$5,651,842
STATE REIMB-PU TAX REPLACEMENT	\$410,547	\$177,744	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
STATE REIMB-MAN HOMES	\$12,416	\$12,436	\$12,739	\$13,072	\$13,135	\$12,254	\$13,018	\$10,718	\$9,021	\$9,682
STATE REIMB-PP REPLACEMENT	\$4,749,896	\$3,532,214	\$2,284,878	\$1,052,369	\$1,052,369	\$526,185	\$0	\$0	\$0	\$0
	\$65,040,211	\$62,915,255	\$58,547,943	\$57,729,891	\$57,382,633	\$57,096,818	\$57,893,161	\$58,982,618	\$59,702,466	\$59,963,358

On November 3, 2015, Franklin County residents approved a 2.2 mill 5 year renewal levy for the ADAMH Board. Collections for the new levy cycle began in 2017.

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5. Insurance Reform

Beginning January 2014, the State of Ohio expanded Medicaid eligibility by permitting individuals with an income at or below 138% of the Federal Poverty Level to enroll in the State's Medicaid program. This expansion, coupled with insurance coverage from the Affordable Care Act (ACA) via healthcare exchanges, has decreased the amount of core treatment services the ADAMH Board purchases on an annual basis beginning in 2015.

With Ohio's impending change in the gubernatorial administration in 2019, the future of Medicaid expansion is uncertain at this time. Should Medicaid expansion be limited in any way under a new administration, it will have a material impact on the demand for the Board to pay for treatment services.

Furthermore the future of healthcare reform at the federal level is currently uncertain. These actions may have a material impact on Health Care exchanges and Medicaid expansion.

The State of Ohio has initiated a Behavioral Healthcare (BH) Redesign project. Per the Ohio Department of Medicaid's website, the BH Redesign project will be "A transformative initiative aimed at rebuilding Ohio's community behavioral health system capacity. Key proposals include adding new services for people with high intensity service and support needs and aligning the procedure codes used by Ohio's behavioral health providers to better integrate physical and behavioral healthcare". Select aspects of the BH Redesign project may have a material impact on future Provider operations and may have financial repercussions with the ADAMH Board.

6. Crisis Care

a. Addiction Stabilization Center – In response to Opioid epidemic, the ADAMH Board partnered with Maryhaven, Inc. to open a Crisis Center in 2018. The primary sources of funding for the Addiction Stabilization Center (ASC) are Medicaid and ADAMH (\$4.6 million investment in 2018). The 55 bed ASC provides Admission & Triage Services, Detoxification and Residential care.

b. MH Crisis Center - Franklin County has for many years had an innovative crisis continuum of care that includes crisis phones, mobile teams, and facility-based crisis services. Several factors have led to rising demand for mental health and substance use disorder services, including both increased need among the population and increased training for first-responders in recognizing this need.

As a result, the current system is no longer meeting the needs of the community, and stakeholders are looking at making investments in the crisis system in order to increase access to care, better service first responders, and improve outcomes for people experiencing a behavioral health crisis.

Franklin County's crisis in behavioral health service delivery is not unlike what is being experienced nationwide. Emergency Departments (EDs), first responders, and behavioral health (BH) systems are overwhelmed. Individuals in need are not always able to receive the proper treatment in the most effective and therapeutic settings. While each individual part of the system is trying to do what is best for the person in crisis, the lack of a coordinated solution makes it difficult to use existing resources to their full potential and impacts outcomes.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

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

While Franklin County has many of the building blocks for an advanced crisis system, missing from the current continuum of care is a modern "front door" crisis facility that can accept, hold, assess, treat and refer persons in crisis all along the acuity continuum. Investing in such a facility would allow first responders to have a reliable receiver of individuals in crisis, ensure that those with high needs are able to access treatment, lessen ED boarding, and provide effective and less-restrictive treatment options other than inpatient hospitalization.

A new crisis facility will ensure that individuals experiencing a behavioral health crisis are quickly evaluated, stabilized, and connected to ongoing treatment with the right provider in the least-restrictive setting that can safely and effectively meet their needs. This will improve the safety and experience of not only the person in crisis, but also the community, caregivers, and first-responders. In addition, reductions in ED boarding and inpatient psychiatric admissions reduces results in more efficient use of limited resources, creating capacity for those who truly need higher levels of care. These outcomes result in both better clinical care and stewardship of taxpayer dollars.

ADAMH will join together with consumer representatives, local hospital systems and first responders to build and open a new mental health facility for the residents of Franklin County. The center will provide a safe, therapeutic setting for people in need of crisis services and link them to the least restrictive treatment options that lead to recovery using innovative models from across the country.

Preliminary planning for the new center began in 2018. ADAMH is anticipating to invest significant capital expenses for the remainder of the the current Levy cycle.

CONTACTING THE ADAMH BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide an overview of the ADAMH Board's finances and it's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mark Lambert, Chief Financial Officer (acting), Alcohol, Drug and Mental Health Board of Franklin County, 447 East Broad Street, Columbus, Ohio 43215-3822, phone number 614-222-3780.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

**STATEMENT OF NET POSITION
December 31, 2019**

	Governmental Activities
ASSETS	
Equity with County Treasurer	\$ 61,361,650
Accounts receivable	1,224,401
Due from other governments	16,224,460
Property taxes receivable	54,237,000
Capital assets, net of accumulated depreciation:	
Nondepreciable	698,573
Depreciable	1,435,719
	135,181,803
DEFERRED OUTFLOWS OF RESOURCES	
Pension	2,232,149
OPEB	320,918
	2,553,067
LIABILITIES	
Accrued wages	270,611
Accounts Payable	11,897,616
Long-term liabilities:	
Due within one year	122,210
Due in more than one year:	
Net pension liability	7,322,406
Net OPEB liability	3,417,512
Other amounts due in more than one year	702,032
	23,732,387
DEFERRED INFLOWS OF RESOURCES	
Property Tax	55,142,000
Pension	101,776
OPEB	9,272
	55,253,048
NET POSITION	
Net investment in Capital Assets	2,134,292
Restricted for:	
Health Services	18,675,182
Unrestricted	37,939,961
	58,749,435
Total net position	\$ 58,749,435
Total liabilities, deferred inflows of resources and net position	\$ 137,734,870

See accompanying notes to the basic financial statements.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES
For the year ended December 31, 2019**

		Program Revenues		Net (Expense) Revenue and Change In Net Assets
	Expenses	Operating Grants and Contributions		Total Governmental Activities
Governmental Activities:				
Health Services	\$ 87,413,060	\$ 25,861,184	\$	(61,551,876)
General Government	9,682,979	195,719		(9,487,260)
Total Governmental Activities	<u>\$ 97,096,039</u>	<u>\$ 26,056,903</u>	<u>\$</u>	<u>(71,039,136)</u>
General Revenues:				
Property taxes - General Purpose				54,200,834
Grants and Entitlements Not Restricted to Specific Programs				3,571,150
Other unrestricted revenues				590
Total general revenues				<u>57,772,574</u>
Change in Net Position				(13,266,562)
Net position - beginning				72,015,997
Net position - ending			<u>\$</u>	<u>58,749,435</u>

See accompanying notes to the basic financial statements.

**BALANCE SHEET GOVERNMENTAL FUNDS
FRANKLIN COUNTY
BALANCE SHEET
ALL GOVERNMENTAL FUNDS
December 31, 2019**

	General Fund	State Fund	Federal Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity with County Treasurer	\$ 53,604,035	\$ 2,768,691	\$ 3,483,821	\$ 1,505,103	\$ 61,361,650
Accounts receivable	1,224,401	-	-	-	1,224,401
Due from other Governments	2,845,000	5,264,664	7,265,234	849,562	16,224,460
Property taxes receivable	54,237,000	-	-	-	54,237,000
Interfund receivable	242,963	-	-	-	242,963
Total assets	\$ 112,153,399	\$ 8,033,355	\$ 10,749,055	\$ 2,354,665	\$ 133,290,474
LIABILITIES					
Accrued wages	\$ 261,278	\$ -	\$ -	\$ 9,333	\$ 270,611
Accounts payable	9,678,654	346,883	1,196,989	675,090	11,897,616
Interfund payable	-	-	-	242,963	242,963
Total liabilities	9,939,932	346,883	1,196,989	927,386	12,411,190
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	4,802,828	3,052,424	5,816,105	302,767	13,974,124
Property tax	55,142,000	-	-	-	55,142,000
Total deferred inflows of resources	59,944,828	3,052,424	5,816,105	302,767	69,116,124
FUND BALANCE					
Restricted - Health Services	-	4,634,048	3,735,961	1,133,877	9,503,886
Assigned - Health Services	21,221,776	-	-	-	21,221,776
Unassigned	21,046,863	-	-	(9,365)	21,037,498
Total fund balances	42,268,639	4,634,048	3,735,961	1,124,512	51,763,160
Total liabilities, deferred inflows of resources, and fund balances	\$ 112,153,399	\$ 8,033,355	\$ 10,749,055	\$ 2,354,665	\$ 133,290,474

See accompanying notes to the basic financial statements.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES**

For the year ended December 31, 2019

Total Governmental Fund Balances		\$51,763,160
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,134,292
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		13,974,124
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds:		<u>(824,242)</u>
The net pension and OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
	Deferred Outflows - Pension and OPEB	2,553,067
	Deferred Inflows - Pension and OPEB	(111,048)
	Net Pension and OPEB Liability	<u>(10,739,918)</u> <u>(8,297,899)</u>
Net Position of Governmental Activities		<u><u>\$58,749,435</u></u>

See accompanying notes to the basic financial statements.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the year ended December 31, 2019**

	General Fund	State Fund	Federal Fund	Other Government Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 54,322,834	\$ -	\$ -	\$ -	\$ 54,322,834
Intergovernmental	8,533,750	9,487,095	8,772,099	1,872,929	28,665,873
Private Grant	-	-	-	2,173,287	2,173,287
Other	590	-	-	-	590
Total revenues	<u>62,857,174</u>	<u>9,487,095</u>	<u>8,772,099</u>	<u>4,046,216</u>	<u>85,162,584</u>
Expenditures					
Current Operations					
Health Services	69,231,101	7,031,627	7,651,850	3,498,482	87,413,060
General government	8,452,694	-	-	192,041	8,644,735
Total expenditures	<u>77,683,795</u>	<u>7,031,627</u>	<u>7,651,850</u>	<u>3,690,523</u>	<u>96,057,795</u>
Excess of revenues over (under) expenditures	(14,826,621)	2,455,468	1,120,249	355,693	(10,895,211)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,232,830	-	1,232,830
Transfers out	-	-	-	(1,232,830)	(1,232,830)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,232,830</u>	<u>(1,232,830)</u>	<u>-</u>
Net change in fund balances	(14,826,621)	2,455,468	2,353,079	(877,137)	(10,895,211)
Fund balances-beginning	57,095,260	2,178,580	1,382,882	2,001,649	62,658,371
Fund balances-ending	<u>\$ 42,268,639</u>	<u>\$ 4,634,048</u>	<u>\$ 3,735,961</u>	<u>\$ 1,124,512</u>	<u>\$ 51,763,160</u>

See accompanying notes to the basic financial statements

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For the year ended December 31, 2019

Net Change in Fund Balances - Total Governmental Funds **(\$10,895,211)**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period:

	Capital Outlay	515,403	
	Depreciation Expense	<u>(53,223)</u>	462,180

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. (1,333,107)

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows. 500,137

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities. (1,615,279)

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the Statement of Activities. (337,810)

Some expenses reported in the Statement of Activities, such as compensated absences payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (47,472)

Changes in Net Position of Governmental Activities **(\$13,266,562)**

See accompanying notes to the basic financial statements.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET (NON-GAAP BASIS)
AND ACTUAL-GENERAL FUND**

For the year ended December 31, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Real Estate Taxes	\$ 54,464,211	\$ 54,763,182	\$ 54,301,834	\$ (461,348)
Intergovernmental	5,919,321	5,923,337	8,150,590	2,227,253
Other Revenue	-	-	590	590
Total Revenue	<u>60,383,532</u>	<u>60,686,519</u>	<u>62,453,014</u>	<u>1,766,495</u>
Expenditures				
Health Services	73,262,150	72,762,150	64,077,984	8,684,166
General Government	8,942,965	9,600,574	8,427,347	1,173,227
Total expenditures	<u>82,205,115</u>	<u>82,362,724</u>	<u>72,505,331</u>	<u>9,857,393</u>
Net change in fund balances	(21,821,583)	(21,676,205)	(10,052,317)	11,623,888
Fund balances - beginning	60,337,352	60,337,352	60,337,352	-
Fund balances - ending	<u>\$ 38,515,769</u>	<u>\$ 38,661,147</u>	<u>\$ 50,285,035</u>	<u>\$ 11,623,888</u>

See accompanying notes to the basic financial statements

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS)
AND ACTUAL-STATE MENTAL HEALTH, ALCOHOL AND DRUG FUND
For the year ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 6,574,312	\$ 9,474,312	\$ 8,415,089	\$ (1,059,223)
Total Revenue	<u>6,574,312</u>	<u>9,474,312</u>	<u>8,415,089</u>	<u>(1,059,223)</u>
Expenditures				
Health Services	7,065,121	9,750,121	7,357,420	2,392,701
Total expenditures	<u>7,065,121</u>	<u>9,750,121</u>	<u>7,357,420</u>	<u>2,392,701</u>
Net change in fund balances	(490,809)	(275,809)	1,057,669	1,333,478
Fund balances - beginning	1,711,022	1,711,022	1,711,022	-
Fund balances - ending	<u>\$ 1,220,213</u>	<u>\$ 1,435,213</u>	<u>\$ 2,768,691</u>	<u>\$ 1,333,478</u>

See accompanying notes to the basic financial statements

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS)
AND ACTUAL-FEDERAL MENTAL HEALTH, ALCOHOL AND DRUG FUND
For the year ended December 31, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 8,430,051	\$ 10,630,051	\$ 8,726,641	\$ (1,903,410)
Total Revenue	<u>8,430,051</u>	<u>10,630,051</u>	<u>8,726,641</u>	<u>(1,903,410)</u>
Expenditures				
Health Services	8,587,640	10,487,640	7,087,409	3,400,231
Total expenditures	<u>8,587,640</u>	<u>10,487,640</u>	<u>7,087,409</u>	<u>3,400,231</u>
Excess (deficiency) of revenues over (under) expenditures	(157,589)	142,411	1,639,232	1,496,821
Other financing sources (uses)				
Transfers in	-	1,232,830	1,232,830	-
Net other financing sources (uses)	<u>-</u>	<u>1,232,830</u>	<u>1,232,830</u>	<u>-</u>
Net change in fund balances	(157,589)	1,375,241	2,872,062	1,496,821
Fund balances - beginning	611,759	611,759	611,759	-
Fund balances - ending	<u><u>\$ 454,170</u></u>	<u><u>\$ 1,987,000</u></u>	<u><u>\$ 3,483,821</u></u>	<u><u>\$ 1,496,821</u></u>

See accompanying notes to the basic financial statements

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY

FRANKLIN COUNTY

Statement of Changes in Fiduciary Net Position

Year Ended December 31, 2019

(Amounts in 000's)

	<u>Custodial Funds</u>
Additions:	
Intergovernmental	981
Total additions	<u>\$ 981</u>
Deductions:	
Payments made to other governments	981
Total deductions	<u>\$ 981</u>
Net increase (decrease) in fiduciary net position	-
Net position - beginning	-
Net position - ending	<u>\$ -</u>

See accompanying notes to the basic financial statements

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ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Alcohol, Drug and Mental Health Board of Franklin County (the “ADAMH Board”) is a blended component unit, presented as a major special revenue fund of Franklin County, Ohio. The ADAMH Board operates in accordance with Section 340 of the Ohio Revised Code. The Franklin County Commissioners appoint a majority of the Board members and serve as the local levy taxing authority for the ADAMH Board. The Franklin County Auditor and the Franklin County Treasurer, which are elected positions, serve respectively as Chief Fiscal Officer and Custodian of all public funds.

The ADAMH Board serves as the planning agency in Franklin County for mental health and alcohol and other substance use disorder services. It evaluates and assesses the needs for these services in Franklin County. It also receives funding from federal, state and local sources and distributes these monies to contract agencies which then provide services to those who suffer from mental illness and/or alcohol or substance use disorder.

Component units are legally separate organizations for which the ADAMH Board is financially accountable. The ADAMH Board is financially accountable for an organization if the ADAMH Board appoints a voting majority of the organizations’ governing board and (1) the ADAMH Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the ADAMH Board is legally entitled to or can otherwise access the organizations’ resources; or (3) the ADAMH Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the ADAMH Board is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the ADAMH Board in that the ADAMH Board approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criterion, the ADAMH Board has no component units. The basic financial statements of the reporting entity include only those of the ADAMH Board. The following organizations are described due to their relationship to the ADAMH Board:

JOINT VENTURE:

Three C Recovery and Health Care Network—The Alcohol, Drug and Mental Health Board of Franklin County, the Alcohol, Drug Addiction and Mental Health Services Board of Cuyahoga County, and the Hamilton County Mental Health and Recovery Services Board formed a council of governments (the COG) pursuant to Chapters 340 and 167 of the Ohio Revised Code. The purpose of the COG is to work collaboratively to plan and develop a new health care management information system known as the “Shared Health and Recovery Enterprise System” (SHARES).

To promote accountability and transparency, the ADAMH Board established a new fund in 2014 to account for reimbursement of the ADAMH Board’s payroll expenses for COG operations. An interfund loan has been established between the General and the COG fund to provide sufficient cash flow for the COG fund. The COG became fully operational in fiscal year 2016.

The loan between funds is classified as Interfund Payable/Receivable. Interfund balances are eliminated on the Statement of Net Position. Interfund Payable/Receivable at December 31, 2019 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Council of Governments (Other Governmental Funds)	\$ 242,963

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

B. Measurement focus, basis of accounting, and financial statement presentation

The basic financial statements of the ADAMH Board have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the ADAMH Board considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Non-exchange transactions, in which the ADAMH Board receives value without directly giving equal value in return, include grants and entitlements.

Because different measurement focuses and bases of accounting are used in the government-wide Statement of Net Position and in governmental fund statements, amounts reported as *restricted fund balances* in governmental funds may be different from amounts reported as *restricted net position* in the Statement of Net Position.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *State Fund* is a special revenue fund used to account for programs funded with proceeds received from the State of Ohio.

The *Federal Fund* is a special revenue fund used to account for programs funded with proceeds received from the Federal Government.

Revenue—Revenue from grants and entitlements is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the ADAMH Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the ADAMH Board on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Inflows, Unavailable Revenues—Deferred Inflows, unavailable revenue arise when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows, unavailable revenues.

Deferred Inflows, Property Tax Revenue—On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows, property tax.

Deferred outflows/inflows of resources for Pension – The Statement of Net Position reports a separate section for deferred outflows and inflows of resources for Pension. Deferred outflows of resources represent a consumption of net position for pension liabilities that applies to a future period and will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represents an acquisition of net position for pension that applies to a future period and will not be recognized until that time.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

Expenses/Expenditures—The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Fund Balance Classifications

Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" presents five fund balance classifications and clarifies the existing governmental fund type definitions.

Nonspendable Fund Balance—the nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

Restricted Fund Balance—the restricted classification is used when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance—the committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the ADAMH Board's highest level of decision-making authority.

Assigned Fund Balance—the assigned fund balance includes amounts that are constrained by the ADAMH Board's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance—the unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Based on GASB 54 fund balance classification, the ADAMH Board's General Fund is reported as assigned and unassigned and the special revenue fund balances are restricted.

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

D. Government-wide and fund financial statements

Government-wide Financial Statements—The Statement of Net Position and the Statement of Activities display information about the ADAMH Board as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the ADAMH Board's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the ADAMH Board. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the ADAMH Board.

Fund Financial Statements—Fund financial statements report detailed information about the ADAMH Board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets, current liabilities, and deferred inflows of resources, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

E. Budgetary Process

Legal Requirements—In accordance with Ohio law, annual budgets are adopted for the General Fund and special revenue funds. The Franklin County Budget Commission, composed of the Auditor, Treasurer and Prosecutor, approves tax budgets and certificates of estimated resources for the County itself and for schools, municipalities, townships and other agencies that are funded by tax dollars. State statute permits the Budget Commission to waive all or part of the tax budget requirement for those counties that have adopted an alternative method for apportionment of the local government fund and the local government revenue assistance fund. Franklin County has an alternative formula agreement in place.

Estimated Resources—The certificate of estimated resources issued by the Budget Commission states the projected revenue of each fund and establishes a limit on the amount the County may appropriate. The County's total contemplated expenditures from any fund during the fiscal year cannot exceed the amount available as stated in the certificate of estimated resources. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. During the year, as actual revenues vary from the estimates, the certificate may be amended further if an estimate needs either to be increased or decreased. Such amendments were made during 2019. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate at the time the original appropriations resolution was adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during 2019.

Appropriations—The appropriations resolution is the Commissioners' authorization to spend resources. The resolution sets annual limits on expenditures plus encumbrances at the level of control selected by the Commissioners. Appropriation requests are submitted to the County's Office of Management and Budget ("OMB") by the agencies. In light of available resources and County priorities, the County Administrator and OMB develop a joint budget recommendation that is submitted to the Commissioners. Public budget hearings are held with the various elected officials and agency administrators. At the conclusion of the budget hearings, the Commissioners convene a meeting with the County Administrator and OMB to amend the recommended budget. Revisions to the original budget require a resolution signed by at least two Commissioners. Supplemental appropriations were made during 2019.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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Budgeted Level of Expenditures—The Commissioners appropriate to the major object level within a fund/organizational unit. The appropriation level is the legal level of control. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Managerial control is maintained through building the budget at the detailed line-item level. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the Commissioners.

Lapsing of Appropriations—At the end of the year, all encumbrances are canceled and all appropriations lapse, reverting to the respective funds from which they were appropriated.

F. Deposits and Investments

For reporting purposes, "Equity with County Treasurer" is defined as cash on hand, demand deposits and investments held in the County treasury.

Cash resources of the majority of individual funds are combined to form a pool of cash and investments managed by the County Treasurer. Interest earned on investments is accrued as earned. Under existing Ohio law, all investment earnings are assigned to the County's General Fund unless statutorily required to be credited to a specific fund. Distribution is made utilizing a formula based on the average month-end balance of cash and cash equivalents of all funds. No interest was credited to the ADAMH Board by the County Treasurer for the year ending December 31, 2019.

G. Receivables

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Property tax revenue received during 2019 for real and public utility property taxes represents collection of 2018 taxes. Property tax payments received during 2019 for tangible personal property (other than public utility property) are for 2019 taxes.

2019 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by state law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019. The total assessed value upon which the 2019 tax collection was based was \$29.4 billion. The full tax rate applied to real property for ADAMH was \$2.20 per \$1,000 of assessed valuation.

Public utility taxes are assessed not only on land and improvements, but also on tangible personal property at true value, which is a percentage of cost. Percentages vary according to the type of utility. The total assessed value upon which the 2019 tax collection was based on was a little over one billion dollars.

The Treasurer bills and collects property taxes on behalf of all taxing districts within the County. The Auditor periodically remits to the taxing districts their portion of the taxes collected. Collection of the taxes and remittance to the taxing districts are accounted for in various County agency funds.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20th; if paid semi-annually, the first payment is due January 20th with the remainder to be paid by June 20th. Real property owners' tax bills are reduced by homestead and rollback deductions, when applicable. The amount of these reductions is reimbursed to the County by the State.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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For the Year Ended December 31, 2019

“Property taxes receivable” represents delinquent real and public utility taxes outstanding as of the last settlement (net of allowances for uncollectible amounts) and real property and public utility taxes that were measurable at year-end and for which there is an enforceable legal claim. In the fund financial statements, the majority of the receivable is offset by deferred inflows, property tax since the taxes were not levied to finance 2019 operations. In the full accrual-basis government-wide financial statements, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred inflows, property tax.

The County uses estimates based on the tax rate multiplied by property value to estimate taxes receivable. The eventual collection of substantially all real property and public utility taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied.

H. Capital Assets and Depreciation

Capital assets, which include land, buildings, and improvements and machinery and equipment are reported in the government-wide Statement of Net Position. Capital assets are defined by the ADAMH Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life exceeding one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All buildings and improvements and machinery and equipment are depreciated using the straight line method over the estimated useful lives of the related assets. Depreciable lives used for property items within each property classification are as follows:

<u>Classification</u>	<u>Useful Life</u>
Buildings	50–55 years
Building Improvements	10–25 years
Machinery & Equipment	5–10 years

I. Compensated Absences

The ADAMH Board permits employees to accumulate earned but unused vacation and sick pay benefits. Vacation benefits are accrued as a liability when the benefits are earned if (1) the vacation leave is related to services already rendered and (2) it is probable that the employee will be compensated through time off or some other means in a future period. Sick leave benefits are accrued using the vesting method. The sick leave liability is based on accumulated sick leave and employee wage rates at December 31 for those employees who are currently eligible to receive termination benefits and those the ADAMH Board has identified as probable of receiving payment in the future.

The criteria for determining vacation and sick leave liabilities are based on the ADAMH Board's policies for employee benefits. In general, vacation and sick leave are accumulated based on hours worked. Vacation pay is fully vested after the learning and training period, generally six months. By Ohio law, accumulated vacation cannot exceed three times the annual accumulation rate for an employee. There is no limit for the accumulation of sick leave. Employees who have completed the required learning and training period may receive payment of one-half sick leave accrued upon termination. All payments are made at the employee's current wage rate.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

All accumulated vacation leave and vested accumulated sick leave is recorded as a liability in the government-wide financial statements. In the governmental funds, accumulated vacation leave and vested accumulated sick leave that is expected to be liquidated with available financial resources are recorded as an expenditure and a fund liability of the governmental fund that will pay it.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations in the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

L. Fund Balance

Fund Balance for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the ADAMH Board is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

N. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The ADAMH Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the ADAMH Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2019.

NOTE 2. – BUDGETARY BASIS OF ACCOUNTING

While the ADAMH Board is reporting financial position, results of operations, and changes in fund balances in accordance with accounting principles generally accepted in the United States of America (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget (Non-GAAP Basis) and Actual—for the General Fund, State Fund and Federal Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

(Deficiency) of Revenues (Under) Expenditures

	<u>General Fund</u>	<u>State Fund</u>	<u>Federal Fund</u>
Non-GAAP Budgetary Basis	(\$10,052,317)	\$1,057,669	\$2,872,062
Basis Difference			
Net Adjustment for Revenue Accruals	404,160	1,072,006	45,458
Net Adjustment for Expenditure Accruals	<u>(5,178,464)</u>	<u>325,793</u>	<u>(564,441)</u>
GAAP Basis	<u>(\$14,826,621)</u>	<u>\$2,455,468</u>	<u>\$2,353,079</u>

NOTE 3. – CHANGE IN ACCOUNTING PRINCIPLE

For 2019, the ADAMH Board implemented Governmental Accounting Standards Board (GASB) Statement No. 83, "Certain Asset Retirement Obligations," Statement No. 84, "Fiduciary Activities," Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements," and Statement No. 90, "Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61."

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

For 2019, the ADAMH Board implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The implementation of this pronouncement had no effect on net position as reported December 31, 2018.

(Amounts in 000's)	
	Governmental Activities
Net position December 31, 2018	\$ -
Adjustments:	
Intergovernmental Additions	981
Payments made to other Governments	(981)
Net position December 31, 3018	\$ -

GASB Statement No. 88 revises the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements.

GASB Statement No. 90 establishes criteria for reporting a government's majority equity interest in a legally separate organization.

These changes were incorporated in the Board's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 4. – CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2019, was as follows:

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
GOVERNMENTAL CAPITAL ASSETS
For the year ended December 31, 2019**

Description	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not being depreciated:				
Land	\$ 236,113	\$ 462,460	\$ -	\$ 698,573
Total Capital Assets not being depreciated	\$ 236,113	\$ 462,460	\$ -	\$ 698,573
Capital assets, being depreciated:				
Buildings and improvements	\$ 3,214,181	\$ 9,405	\$ -	\$ 3,223,586
Machinery & Equipment	\$ 243,361	\$ 43,537	\$ -	\$ 286,898
Total Capital Assets being depreciated	\$ 3,457,542	\$ 52,942	\$ -	\$ 3,510,484
Less accumulated depreciation for:				
Buildings and improvements	\$ (1,805,600)	\$ (42,555)	\$ -	\$ (1,848,156)
Machinery & Equipment	\$ (215,942)	\$ (10,667)	\$ -	\$ (226,609)
Total	\$ (2,021,542)	\$ (53,223)	\$ -	\$ (2,074,765)
Total capital assets net	\$ 1,672,113	\$ 462,180	\$ -	\$ 2,134,293

Expenses

All depreciation expense is charged to general government expense on the government-wide financial statements.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 5. – LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2019, was as follows:

	2019 Beginning Balance	Additions	Reductions	Ending Balance	Due In One Year
Compensated Absenses	\$ 776,771	\$ 302,885	\$ (255,414)	\$ 824,242	\$ 122,210

Compensated Absenses

The ADAMH Board permits employees to accumulate earned but unused vacation and sick leave benefits. Compensated absenses will be paid from the General Fund and the Council of Governments Fund. Vacation benefits are accrued as a liability in the government-wide financial statements when the benefits are earned if it meets two conditions: the vacation leave is related to employee services already rendered and it is probable that the employee will be compensated. Sick leave benefits are accrued in the government-wide financial statements. The sick leave liability is based on accumulated sick leave and employee wage rates at December 31.

The criteria for determining vacation and sick leave liabilities are based on the ADAMH Board’s policies. In general, vacation and sick leave are accumulated based on hours worked. Vacation pay is fully vested after four months of full or part-time service.

By Ohio law, employees accumulated vacation cannot exceed three times the accumulated rate. There is no limit for sick leave accumulation. Employees, upon separation from the ADAMH Board, who have completed the learning and training period, generally after six months of service, will receive payment for one half sick leave accrued. All payments are made at the employee’s current wage rate.

NOTE 6. – RISK MANAGEMENT

The ADAMH Board is a major fund of Franklin County, Ohio and participates in its risk-financing funds. Franklin County is exposed to various risks of loss related to torts and general liability; theft of, damage to and destruction of assets; natural disasters; errors and omissions; certain employees’ medical and dental claims; and injuries to employees. Insurance policies are procured for buildings and contents, Franklin County-owned equipment, steam boilers, and machinery. In addition, a “Money and Securities Policy” is in effect for all Franklin County employees. Settled claims have not exceeded commercial coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year. Franklin County has elected to retain risk for losses related to torts and general liability, employee health-care claims, and employee injuries rather than insuring those risks through a third-party.

Chapter 340 of the Ohio Revised Code “limits the liability of community mental health board members and employees from action taken within the scope of official duties and employment.” It expands the ADAMH Board’s authority to indemnify board members and employees against damages, unless the ADAMH Board members’ or employees’ action constitutes willful or wanton misconduct. Although the law clearly indemnifies ADAMH Board members and staff, additional director’s and officer’s liability insurance for ADAMH Board members and professional liability coverage for staff has been obtained.

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FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

A periodic review of the ADAMH Board's scope of activities is performed and a risk profile is made available to insurance companies and our agents. This risk profile is used to obtain premium bids by our agents. There has been no significant reduction in coverage from the prior year, nor has the ADAMH Board experienced any settled claims in the past three years.

NOTE 7. – CONTINGENT LIABILITIES

The ADAMH Board has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the ADAMH Board believes such disallowances, if any, will be immaterial.

Litigation - The ADAMH Board is involved in no material litigation as either plaintiff or defendant.

NOTE 8. – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the ADAMH Board's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the ADAMH Board's obligation for this liability to annually required payments. The ADAMH Board cannot control benefit terms or the manner in which pensions are financed; however, the ADAMH Board does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – The ADAMH Board employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. the ADAMH Board employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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

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

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FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

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

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

The ADAMH Board's contractually required contribution was \$500,137 for 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The ADAMH Board's proportion of the net pension liability was based on the ADAMH Board's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate Share of the Net Pension Liability	\$7,322,406
Proportion of the Net Pension Liability	0.02674%
Pension Expense	\$1,116,054

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

At December 31, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$336
Changes of assumptions	637,434
Net difference between projected and actual earnings on pension plan investments	993,857
Changes in proportion and differences between Board contributions and proportionate share of contributions	100,385
Board contributions subsequent to the measurement date	500,137
Total Deferred Outflows of Resources	\$2,232,149
Deferred Inflows of Resources	
Differences between expected and actual experience	\$96,148
Net difference between projected and actual earnings on pension plan investments	0
Changes in proportion and differences between Board contributions and proportionate share of contributions	5,628
Total Deferred Inflows of Resources	\$101,776

\$500,137 reported as deferred outflows of resources related to pension resulting from the ADAMH Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2020	\$719,122
2021	356,698
2022	92,202
2023	462,215
2024	0
Total	\$1,630,237

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 Retirees)	3 percent simple through 2018, 2.15 percent simple, thereafter
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rate for a particular calendar year are determined by applying the MP-2015 mortality scale to the above described table..

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 2.94% for 2018.

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The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the ADAMH Board's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the ADAMH Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	<u>1% Decrease (6.2%)</u>	<u>Current Discount Rate (7.2%)</u>	<u>1% Increase (8.2%)</u>
Board's proportionate share of the net pension liability	\$10,817,321	\$7,322,406	\$4,418,098

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9. – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the ADAMH Board's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the ADAMH Board's obligation for this liability to annually required payments. The ADAMH Board cannot control benefit terms or the manner in which OPEB are financed; however, the ADAMH Board does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

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Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The ADAMH Board's contractually required contribution was \$0 for 2019.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Entity's proportion of the net OPEB liability was based on the entity's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.02613%
Prior Measurement Date	0.02555%
Change in Proportionate Share	<u>0.00058%</u>
Proportionate Share of the Net Pension Liability	\$3,417,512
OPEB Expense	\$647,507

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At December 31, 2019, the Entity reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$1,157
Changes of assumptions	110,186
Net difference between projected and actual earnings on pension plan investments	156,672
Changes in proportion and differences between Board contributions and proportionate share of contributions	52,903
Total Deferred Outflows of Resources	\$320,918
 Deferred Inflows of Resources	
Differences between expected and actual experience	\$9,272
Total Deferred Inflows of Resources	\$9,272

\$0.00 reported as deferred outflows of resources related to OPEB resulting from Entity contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2020	\$151,015
2021	55,176
2022	26,529
2023	78,927
2024	0
Total	\$311,647

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Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018.

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.71 percent
Health Care Cost Trend Rate	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

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During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted

rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.60 percent for 2018.

The allocation of investment assets within the OPERS Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Total Allocation for 2018</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
REITs	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
<u>Total</u>	<u>100.00 %</u>	<u>5.16 %</u>

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

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Sensitivity of the ADAMH Board's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the ADAMH Board's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the ADAMH Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current Discount Rate (3.96%)	1% Increase (4.96%)
ADAMH Board's proportionate share of the net OPEB liability	\$4,372,272	\$3,417,512	\$2,658,226

Sensitivity of the ADAMH Board's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
ADAMH Board's proportionate share of the net OPEB liability	\$3,284,971	\$3,417,512	\$3,570,164

NOTE 10. – RELATED PARTY TRANSACTIONS

The ADAMH Board is reported as a major fund of Franklin County, the primary government. Franklin County provides facilities, certain equipment, and significant interfund transactions exist between the ADAMH Board and Franklin County.

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 11. – TAX ABATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, the County is required to disclose certain information about tax abatements as defined in the Statement. For purposes of GASB Statement 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the local government or its citizens. A description of each of the abatement programs utilized in the County follows.

Community Reinvestment Area (CRA) Program

The Ohio Community Reinvestment Area program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Community Reinvestment Areas (CRA) are areas of land in which property owners can receive tax incentives for investing in real property improvements. In order to use the Community Reinvestment program, a city, village, or county petitions to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing has traditionally been discouraged. Once the area is confirmed by the Director of ODSA, communities may offer real property tax exemptions to taxpayers that invest in that area.

The type of development is determined by specifying the eligibility of residential, commercial and/or industrial projects. The local governments negotiate property tax exemptions on new property tax from investment for up to one hundred percent for up to fifteen years based on the amount of investments made to renovate or construct buildings within a CRA. Taxes are abated as the increase in assessed value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation for the taxpayer. For commercial projects, job retention and/or creation is also required. Agreements must be in place before the project begins. Provisions for recapturing property tax exemptions, which can be used at the discretions of the local governments, are pursuant to ORC Section 9.66(C)(1) and 9.66(C)(2).

Enterprise Zone Program

The Ohio Enterprise Zone Program is an economic development tool administered by municipal and county governments that provides real property tax exemptions to businesses making investments in Ohio. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program can provide tax exemptions for a portion of the value of new real property investment when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible. The zone's geographic area is identified by the local communities involved in the creation of the zone. Once a zone is defined, the local legislative authority participating in the creation must petition the Director of ODSA. The Director must then certify the area for it to become an active Enterprise Zone. Local communities may offer tax incentives for non-retail projects that are establishing or expanding operations in the State of Ohio. Tax incentives are negotiated at the local level, and an enterprise zone agreement must be in place before the project begins.

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Businesses located in an Enterprise Zone may negotiate exemptions on new property tax from investment for up to seventy-five percent for ten years. For commercial projects, job retention and/or creation is also required. Taxes are abated as the increase in assessed value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation for the taxpayer. Agreements must be in place before the project begins. Pursuant to the terms of such agreements, if the actual number of employee positions created or retained by the business in any three-year period during which the agreement is in effect is not equal to or greater than seventy-five percent of the number of employee positions estimated to be created or retained under the agreement, the business shall repay the amount of taxes on property that would have been payable had the property not been exempted. In addition, the local governments may terminate or modify the exemptions from taxation granted under the agreement if the terms of the agreement are not met.

Environmental Protection Agency (EPA) Program

The air and noise pollution control tax exemption program was originally established by legislation in 1963. The program allows property owners to receive tax exemptions for the installation of air or noise pollution control property and is administered by the Ohio Department of Taxation. As part of the tax exemption application process, the Ohio EPA is required to provide a technical evaluation and review of any property sought for tax exemption status.

A summary of the ADAMH property taxes foregone by the County for abatement programs within the County for the year ended December 31, 2019 follows:

<u>Program</u>	<u>Amount</u>
Community Reinvestment Areas	\$ 2,040,075
Enterprise Zones	154,754
EPA	57,877
	<u>\$ 2,252,706</u>

NOTE 12. – SUBSEQUENT EVENT: COVID-19 (CORONAVIRUS) PANDEMIC

On March 11, 2020 the Novel Coronavirus Disease (COVID-19), was declared a pandemic by the World Health Organization. On March 13, 2020 a national emergency was declared in the United States concerning the COVID-19 outbreak. This pandemic poses significant challenges for both the ADAMH Board and community providers in Franklin County.

To date, ADAMH has not experienced any significant revenue adjustments due to COVID-19 but future impacts may include:

Delay in receiving the 2nd semi-annual 2020 payment of levy revenues. Franklin County has elected to give property owners an additional 45 days to pay 2nd half 2020 property taxes. ADAMH normally receives the 2nd deposit in early August, but anticipates to now receive this deposit in late September.

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For the Year Ended December 31, 2019

ADAMH is anticipating that property tax delinquency rates will increase with a prolonged recession triggered by COVID-19. If delinquent property tax rates increase due to COVID-19/recession, ADAMH will adjust the spending plan for the remainder of the current levy cycle to accommodate any levy revenue delays or reductions.

The State of Ohio is considering up to 20% funding reductions. If State Fiscal Year (SFY) 2021 reductions occur, ADAMH will adjust the spending plan to accommodate funding reductions.

ADAMH will seek reimbursement of COVID-19 related expenses (both administrative and on behalf of our network of providers). Opportunities may include Federal Emergency Management Administration (FEMA) reimbursement and other Federal, State and local resources.

ADAMH's current levy expires on 12/31/2021. ADAMH will have up to three opportunities (November 2020 and Spring and Fall 2021) to obtain voter approval of a subsequent levy. The COVID-19 pandemic and potential recession may influence the timing of when an issue is placed on the ballot and the amount of millage that will be considered by Franklin County residents. ADAMH, in conjunction with the Human Service Levy Review Committee and County leadership will continue to monitor and evaluate the timing and amount of the next levy request.

To date, ADAMH has made significant fiscal and contractual adjustments with our providers to address the pandemic, including:

Relaxed select contractual requirements (client enrollment, advances and billing terms) to maintain critical services during the pandemic.

Permit providers to utilize telehealth/telemedicine where appropriate.

Permit providers to repurpose existing allocations (program funds) to address immediate community needs.

Administratively, ADAMH has delayed the hiring of several internal positions and has delayed some planned projects to address the immediate needs of the pandemic.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ADAMH BOARD'S PROPORTIONAL SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN
LAST SIX YEARS**

	2019	2018	2017	2016	2015	2014
ADAMH Board's Proportion of the Net Pension Liability	0.02674%	0.02607%	0.02560%	0.02722%	0.02698%	0.02698%
ADAMH Board's Proportionate Share of the Net Pension Liability	\$7,322,406	\$4,089,360	\$5,813,368	\$4,713,997	\$3,254,579	\$3,181,069
ADAMH Board's Covered Payroll	\$3,572,407	\$3,565,893	\$3,393,677	\$3,507,700	\$3,358,092	\$3,294,875
ADAMH Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	204.97%	114.68%	171.30%	134.39%	96.92%	96.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.10%	86.45%	86.36%

Notes: Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as the ADAMH's measurement date which is the prior year end.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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**REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE ADAMH BOARD CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PLAN
LAST SEVEN YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$500,137	\$499,225	\$441,178	\$420,924	\$402,971	\$395,385	\$428,707
Contributions in Relation to the Contractually Required Contribution	<u>500,137</u>	<u>499,225</u>	<u>441,178</u>	<u>420,924</u>	<u>402,971</u>	<u>395,385</u>	<u>428,707</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ADAMH Board's Covered Payroll	\$3,572,407	\$3,565,893	\$3,393,677	\$3,507,700	\$3,358,092	\$3,294,875	\$3,297,746
Contributions as a Percentage of Covered Payroll	14.0%	14.0%	13.0%	12.0%	12.0%	12.0%	13.0%

Notes: Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE ADAMH BOARD'S PROPORTIONAL SHARE OF THE OTHER POST EMPLOYMENT BENEFIT
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - OPEB
LAST THREE YEARS**

	2019	2018	2017
ADAMH Board's Proportion of the Net OPEB Liability	0.02613%	0.02555%	0.02544%
ADAMH Board's Proportionate Share of the Net OPEB Liability	\$3,417,512	\$2,774,870	\$2,567,164
ADAMH Board's Covered Payroll	\$3,572,407	\$3,565,893	\$3,393,677
ADAMH Board's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	95.7%	77.8%	75.6%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.33%	54.14%	54.50%

Notes: Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented as the ADAMH's measurement date which is the prior year end.

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF THE ADAMH BOARD CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - OPEB
LAST FOUR YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$0	\$0	\$33,937	\$70,154
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>33,937</u>	<u>70,154</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ADAMH Board's Covered Payroll	\$3,572,407	\$3,565,893	\$3,393,677	\$3,507,700
Contributions as a Percentage of Covered Payroll	0.0%	0.0%	1.0%	2.0%

Notes: Although this schedule is intended to reflect information for ten years, information prior to 2016 is not available. An additional column will be added each year.

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ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	DISBURSEMENTS PASSED THROUGH TO SUBRECIPIENTS	DISBURSEMENTS
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION				
<i>Passed Through Ohio Department of Mental Health and Addiction Services (OMHAS)</i>				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1700528 Direct	\$ 17	\$ 17
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1800311 Direct	153,768	153,768
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1900684 Direct	142,483	142,483
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2000376 Direct	12,483	12,483
	93.150 Total		308,751	308,751
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	289,054	289,054
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	N/A	30,000	30,000
	93.243 Total		319,054	319,054
Social Services Block Grant	93.667	N/A	14	14
Social Services Block Grant	93.667	N/A	585,559	585,559
	93.667 Total		585,573	585,573
Opioid STR	93.788	1900767 Direct	473,000	473,000
Opioid STR	93.788	1900854 Direct	150,276	150,276
Opioid STR	93.788	1900417 Direct	980,969	980,969
	93.778 Total		1,604,245	1,604,245
Block Grants for Community Mental Health Services	93.958	N/A	50,000	50,000
Block Grants for Community Mental Health Services	93.958	N/A	126,467	126,467
Block Grants for Community Mental Health Services	93.958	N/A	411,084	411,084
Block Grants for Community Mental Health Services	93.958	N/A	160,626	160,626
Block Grants for Community Mental Health Services	93.958	NA	1,100	1,100
Block Grants for Community Mental Health Services	93.958	NA	1,100	1,100
Block Grants for Community Mental Health Services	93.958	NA	245,534	245,534
	93.958 Total		995,911	995,911
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	27,044	27,044
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	1,186,955	1,186,955
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	187,102	187,102
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	435,243	435,243
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	598,406	598,406
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2000042 Pass-Thru	9,626	9,626
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2000043 Pass-Thru	8,868	8,868
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2000047 Pass-Thru	37,910	37,910
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2000076 Pass-Thru	22,700	22,700
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1900290 Pass-Thru	169,804	169,804
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1900340 Pass-Thru	68,100	68,100
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1900296 Pass-Thru	65,236	65,236
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1900343 Pass-Thru	361,697	361,697
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1800050 Pass-Thru	5,044	5,044
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1800043 Pass-Thru	2	2
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1800269 Pass-Thru	33,619	33,619
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1900235 Pass-Thru	56,515	56,515
	93.959 Total		3,273,871	3,273,871
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION			7,087,405	7,087,405
TOTAL FEDERAL AWARDS			\$ 7,087,405	\$ 7,087,405

See accompanying Notes to the Schedule of Expenditures of Federal Awards

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The ADAMH Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

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

As a subrecipient, the ADAMH 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 D - MATCHING REQUIREMENTS

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



88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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

Alcohol, Drug and Mental Health Board of Franklin County
Franklin County
447 East Broad Street
Columbus, Ohio 43215

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcohol, Drug and Mental Health Board of Franklin County, Franklin County, Ohio (the ADAMH Board), a blended component unit presented as a major special revenue fund of Franklin County, Ohio, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the ADAMH Board's basic financial statements and have issued our report thereon dated June 11, 2020, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the ADAMH Board.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the ADAMH Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

June 11, 2020



88 East Broad Street, 5th Floor
Columbus, Ohio 43215-3506
(614) 466-3402 or (800) 443-9275
CentralRegion@ohioauditor.gov

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

Alcohol, Drug and Mental Health Board of Franklin County
Franklin County
447 East Broad Street
Columbus, Ohio 43215

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited the Alcohol, Drug and Mental Health Board of Franklin County’s (the ADAMH Board), a blended component unit presented as a major special revenue fund of Franklin County, Ohio, compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Alcohol, Drug and Mental Health Board of Franklin County’s major federal program for the year ended December 31, 2019. The *Summary of Auditor’s Results* in the accompanying schedule of findings identifies the ADAMH Board’s major federal program.

Management’s Responsibility

The ADAMH Board’s Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor’s Responsibility

Our responsibility is to opine on the ADAMH Board’s compliance for the ADAMH Board’s major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States’ *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the ADAMH Board’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Alcohol, Drug and Mental Health Board of Franklin County, Franklin County, Ohio, a blended component unit presented as a major special revenue fund of Franklin County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State

Columbus, Ohio

June 11, 2020

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control 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 weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA 93.959 – Block Grants for Prevention and Treatment of Substance Abuse
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY**

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

4. OTHER – FINDINGS FOR RECOVERY

Alcohol Reimbursement – Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

In December 2019, an ADAMH Board Member received a travel reimbursement including reimbursement for meals. The meal reimbursement included the purchase of alcohol in the amount of \$12. As described in Auditor of State Bulletins, 2003-005 and 2014-003, alcohol is not considered a proper public purpose.

This occurred due to the cost of \$12 for alcohol not being removed from the receipt in the calculation of the reimbursement to be paid to the board member. Failure to remove the cost of alcohol when calculating reimbursements could result in misappropriation of public funds.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued in the amount of \$12, in favor of the ADAMH Board General Fund.

The Finding for Recovery of \$12 and \$1 of estimated tax for a total of \$13 of was repaid in full to the General Fund on May 21, 2020.

Official's Response:

The travel reimbursement of a non-ADAMH employee was an atypical occurrence. This situation was not covered in the ADAMH policies and procedures when the reimbursement transpired.

ADAMH will revised the travel reimbursement policy to address situations where non-ADAMH staff are reimbursed for travel expenses. The revised policy will specifically state that per Auditor of State Bulletins, 2003-005 and 2014-003, alcohol is not considered a proper public purpose and reimbursement for alcohol purchases will be strictly prohibited for both ADAMH staff and non-ADAMH staff.

OHIO AUDITOR OF STATE KEITH FABER



**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN 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
JUNE 30, 2020**