

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board
Ross County
Single Audit
For the Year Ended December 31, 2019



Millhuff-Stang

CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Directors
Paint Valley ADAMH Services Board
394 Chestnut Street
Chillicothe, OH 45601

We have reviewed the *Independent Auditor's Report* of the Paint Valley ADAMH Services Board, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Paint Valley ADAMH Services Board is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 2, 2020

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Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board
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For the Year Ended December 31, 2019

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Independent Auditor's Report

Board of Health
Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board
Ross County
3974 Chestnut Street
Chillicothe, Ohio 45601

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities and each major fund of the Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board, Ross County, Ohio (the Board) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash basis of accounting Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board, Ross County, Ohio, as of December 31, 2019, and the respective changes in cash financial position and the budgetary comparison for all funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board. We did not modify our opinion regarding this matter.

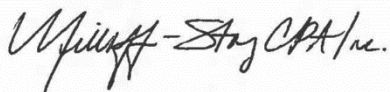
Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The Schedule of Federal Awards Expenditures 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* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This Schedule of Federal Awards Expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Federal Awards Expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2020 on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

August 21, 2020

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board
Statement of Net Position - Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Equity in County Treasury	<u>\$4,562,658</u>
Total Assets	<u><u>\$4,562,658</u></u>
Net Position	
Restricted For:	
Federal Grants	\$20,340
State Grants	895,806
Unrestricted	<u>3,646,512</u>
Total Net Position	<u><u>\$4,562,658</u></u>

See the accompanying notes to the basic financial statements.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Statement of Activities - Cash Basis

For the Year Ended December 31, 2019

	Cash	Program Cash Receipts	Net Receipts (Disbursements) and Changes in Net Position
	Disbursements	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
General Government	\$1,056,003	\$25,997	(\$1,030,006)
Public Health Services	7,871,856	4,981,723	(2,890,133)
Total Governmental Activities	<u>\$8,927,859</u>	<u>\$5,007,720</u>	(3,920,139)
General Receipts			
Property Taxes Levied for General Purposes			4,161,167
Grants and Entitlements not Restricted to Specific Programs			487,011
Other			<u>37,052</u>
Total General Receipts			<u>4,685,230</u>
Change in Net Position			765,091
Net Position Beginning of Year			<u>3,797,567</u>
Net Position End of Year			<u><u>\$4,562,658</u></u>

See the accompanying notes to the basic financial statements.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2019

	General Fund	Federal Grant Fund	State Grant Fund	Total Governmental Funds
Assets				
Equity in County Treasury	\$3,646,512	\$20,340	\$895,806	\$4,562,658
Total Assets	\$3,646,512	\$20,340	\$895,806	\$4,562,658
Fund Balances				
Restricted	\$0	\$20,340	\$895,806	\$916,146
Committed	420,048	0	0	420,048
Assigned	1,594,443	0	0	1,594,443
Unassigned	1,632,021	0	0	1,632,021
Total Fund Balances	\$3,646,512	\$20,340	\$895,806	\$4,562,658

See the accompanying notes to the basic financial statements.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General Fund	Federal Grant Fund	State Grant Fund	Total Governmental Funds
Receipts				
Property Taxes	\$4,161,167	\$0	\$0	\$4,161,167
Intergovernmental	487,011	996,637	2,114,711	3,598,359
Other Grants	76,877	1,693,030	126,465	1,896,372
Other	37,052	0	0	37,052
Total Receipts	4,762,107	2,689,667	2,241,176	9,692,950
Disbursements				
Current:				
General Government	1,030,006	25,997	0	1,056,003
Public Health Services	3,212,813	2,571,291	2,087,752	7,871,856
Total Disbursements	4,242,819	2,597,288	2,087,752	8,927,859
Net Change in Fund Balances	519,288	92,379	153,424	765,091
Beginning (Deficit) Fund Balances, January 1	3,127,224	(72,039)	742,382	3,797,567
Ending Fund Balances, December 31	<u>\$3,646,512</u>	<u>\$20,340</u>	<u>\$895,806</u>	<u>\$4,562,658</u>

See the accompanying notes to the basic financial statements.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Statement of Receipts, Disbursements and

Changes in Fund Balance - Budget and Actual - Budgetary Basis

All Funds

For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Receipts				
Property Taxes	\$4,101,580	\$4,101,580	\$4,161,167	\$59,587
Intergovernmental	3,111,557	3,111,557	3,598,359	486,802
Other Grants	1,700,000	2,091,909	1,896,372	(195,537)
Other	20,000	20,000	37,052	17,052
Total Receipts	8,933,137	9,325,046	9,692,950	367,904
Disbursements				
Current:				
General Government	1,200,867	1,199,102	1,077,153	121,949
Public Health Services	9,499,523	9,837,062	8,896,062	941,000
Total Disbursements	10,700,390	11,036,164	9,973,215	1,062,949
Net Change in Fund Balances	(1,767,253)	(1,711,118)	(280,265)	1,430,853
Beginning Fund Balances, January 1	3,568,441	3,568,441	3,568,441	0
Prior Year Encumbrances Appropriated	229,126	229,126	229,126	0
Ending Fund Balances, December 31	<u>\$2,030,314</u>	<u>\$2,086,449</u>	<u>\$3,517,302</u>	<u>\$1,430,853</u>

See the accompanying notes to the basic financial statements.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 1 – Description of the Entity

The Paint Valley Alcohol, Drug Addiction and Mental Health Services Board, Ross County, Ohio, (the Board) is a political body and corporation established according to the constitution and laws of the State of Ohio.

The Board is directed by a Board of Directors. Board members are appointed by the Director of Ohio Mental Health & Addiction Services, and the County Commissioners of the political subdivisions making up the Board's service area. Those subdivisions are Ross, Pickaway, Fayette, Highland, and Pike Counties. The Board provides addiction and mental health services and programs to area citizens. These services are provided primarily through contracts with local licensed agencies.

Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable for an organization if the Board appoints a voting majority of the organization's governing board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access the organization's resources; the Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Board is obligated for the debt of the organization. The Board is also financially accountable for any organizations that are fiscally dependent on the Board in that the Board approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Board, are accessible to the Board and are significant in amount to the Board. The Board has no component units.

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

Note 2 – Summary of Significant Accounting Policies

As further discussed in this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Board's accounting policies.

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts and other non-exchange transactions.

The statement of net position presents the cash balance of the governmental activities of the Board at year end. The statement of activities compares disbursements with program receipts for each of the Board's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Board is responsible. Program receipts include grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

with program receipts identifies the extent to which each governmental function is self-financing on cash basis or draws from the Board's general receipts.

Fund Financial Statements

The Board segregates transactions related to certain Board functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at this more detailed level. The focus of governmental fund financial statements is on the major funds. Each major fund is presented in a separate column.

Fund Accounting

The Board uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use and demonstrate a fiduciary relationship with a third-party. The Board's funds are all classified as governmental.

Governmental Funds

The Board classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Board's major governmental funds are the general, federal grant, and state grant funds.

General Fund – The general fund accounts for all financial resources except for restricted resources requiring a separate accounting. The general fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

Federal Grant Funds – The federal grant fund accumulates federal grant monies to provide services in accordance with federal guidelines.

State Grant Funds – The state grant fund accumulates state grant monies to provide services in accordance with state grant guidelines.

Basis of Accounting

The Board's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Board's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board may appropriate.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

The appropriations ordinance is the Board of Director's authorization to spend resources and sets limits on expenditures plus encumbrances at the level of control selected by the Board of Directors. The legal level of control has been established at the object level within each fund and function.

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

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

Cash and Investments

The County Treasurer is the custodian for the Board's cash and investments. The County's cash and investment pool holds the Board's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the Ross County Treasurer, Steven A. Neal, Jr. at 2 North Paint Street, Chillicothe, Ohio 45601.

Inventory and Prepaid Items

The Board reports disbursements for inventories and prepaid assets when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

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

Net Position

Net position is reported as restricted when there are limitations imposed on use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for the various purposes of the grants received by the Board.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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

Fund Balance

In the fund statements, governmental funds report aggregate amounts for five classifications of fund balances, based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can only be spent for specific purposes because of constraints that are externally imposed by creditors, grantors, or laws and regulations of other governments.

Committed – Amounts that can only be used for specific purposes pursuant to constraints by formal ordinances or resolutions of the Board, the highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specific use by taking the same type of action as when imposing the commitment. This classification also includes use in satisfying those contractual requirements.

Assigned – Amounts constrained by the governing body's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board has the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are neither restricted nor committed.

Unassigned – This is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Board considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the Board considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. The Board had no interfund transactions in 2019.

Note 3 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the Board's area. Real property tax revenues received in 2019 represent the collection of 2018 taxes. Real property taxes received in 2019 were levied after October 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Public utility property tax revenues received in 2019 represent the collection of 2018 taxes. Public utility real property taxes received in 2019 became a lien on December 31, 2018, were levied after October 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The assessed values of real property and public utility property upon which 2019 property tax receipts were based, come from the assessed values of the five participating counties of the Board, which are Ross, Fayette, Highland, Pickaway, and Pike Counties.

Note 4 – Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. During 2019, the Board contracted with commercial carriers for professional and general liability insurance and property insurance. Coverages provided are as follows:

Building (\$500 Deductible)	\$1,008,036
Business Personal Property (\$500 Deductible)	132,600
Computer Equipment (\$500 Deductible)	125,000
Software (\$500 Deductible)	36,500
General Liability and Medical Expenses	
Per Occurrence (\$0 deductible)	1,000,000
Aggregate Limit	2,000,000
Director/Officer Liability (\$2,500 deductible)	2,000,000

Settled claims have not exceeded these commercial coverages in any of the past three years and there was no significant reduction in coverage from the prior year.

The Board also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements, and changes in fund balance-budget and actual-budgetary basis presented for all funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. All funds are budgeted together as one fund on the statement of receipts, disbursements, and changes in fund balance-budget and actual-budgetary basis; however, the funds are segregated on the statement of cash receipts, disbursements and changes in cash basis fund balances-governmental funds for financial reporting purposes. The difference between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to:

All Funds	\$1,045,356
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Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 6 – Defined Benefits

Ohio Public Employees Retirement System (OPERS)

Plan Description – All Board employees participate in the Ohio Public Employee 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/defined contribution plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. 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>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS’ CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan 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	Traditional Plan 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	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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.

When a traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. 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 will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

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

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$72,644 for 2019.

Note 7 – Post Employment Benefits

Ohio Public Employees Retirement System

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-

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

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 postemployment 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 postemployment 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. 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 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate 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. For 2019, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. 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 Board's contractually required contribution was \$0 for 2019.

Note 8 – Contingent Liabilities

The Board receives financial assistance from federal and state agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through December 31, 2019 will not have a material adverse effect on the Board.

The Board is not currently party to legal proceedings.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board

Notes to the Basic Financial Statements

For the Year Ended December 31, 2019

Note 9 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

Fund Balances	General Fund	Federal Grant Fund	State Grant Fund	Total
Restricted for:				
Drug Court Addiction Treatment	\$0	\$0	\$148,376	\$148,376
Recovery Housing Program	0	0	12,938	12,938
BWC Workplace Safety	0	0	26,465	26,465
Prevention Services Expansion	0	0	118,249	118,249
Specialized Docket Subsidy	0	0	30,000	30,000
Community Linkage Program	0	0	132,321	132,321
SUD Treatment and Recovery Support	0	0	427,457	427,457
SOR Grant	0	18,410	0	18,410
Other Federal Grants	0	1,930	0	1,930
<i>Total Restricted</i>	0	20,340	895,806	916,146
Committed for:				
Encumbrances	420,048	0	0	420,048
<i>Total Committed</i>	420,048	0	0	420,048
Assigned for:				
Future Appropriations	1,573,355	0	0	1,573,355
Encumbrances	21,088	0	0	21,088
<i>Total Assigned</i>	1,594,443	0	0	1,594,443
Unassigned	1,632,021	0	0	1,632,021
Total	\$3,646,512	\$20,340	\$895,806	\$4,562,658

The Board has established a cash reserve policy. The cash reserve is to be equal to or greater than 90 (ninety) days of cash needed. Cash needed is defined as cash required to be able to pay all invoices, services approved for payment, debt payments, payroll, payroll taxes, and etc. At December 31, 2019, the Board had \$4,562,658 in cash fund balance with \$10,493,717 budgeted appropriations for calendar year 2020. The Board was in compliance with their cash reserve policy.

Note 10 – Related Party

In a prior year, the Board made advances to the Scioto Paint Valley Mental Health Center, Inc. totaling \$851,324. In 2019, the Board forgave this balance.

Note 11 – Subsequent Event

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

PAINT VALLEY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD
ROSS COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed Through Ohio Department of Mental Health & Addiction Services:</i>				
Cures Opioid STR	93.788	N/A	N/A	\$ 540,215
SOR	93.788	N/A	N/A	1,113,859
Total - Opioid STR				1,654,074
Social Services Block Grant (Title XX)	93.667	N/A	N/A	125,478
Block Grant for Community Mental Health Services	93.958	N/A	N/A	165,785
Multi-System Youth	93.958	N/A	N/A	76,579
Total Block Grant for Community Mental Health Services				242,364
Block Grant for Prevention and Treatment of Substance Abuse	93.959	N/A	N/A	575,372
<i>Total Passed Through the Ohio Department of Mental Health & Addiction Services</i>				\$ 2,597,288
Total U.S. Department of Health and Human Services				\$ 2,597,288
Total Expenditures of Federal Awards				\$ 2,597,288

N/A - pass-through entity number not available

The accompanying notes are an integral part of this schedule.

**PAINT VALLEY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD
ROSS 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 Paint Valley Alcohol, Drug Addiction and Mental Health Services Board (the Board's) under programs of the federal government for the year ended December 31, 2019.

The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Board.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. The Board does not use an indirect cost rate.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Health
Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board
3974 Chestnut Street
Chillicothe, Ohio 45601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board, Ross County (the Board) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated August 21, 2020, wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Board.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

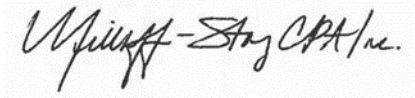
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

August 21, 2020

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Board of Health
Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board
3974 Chestnut Street
Chillicothe, Ohio 45601

Report on Compliance for Each Major Federal Program

We have audited the Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board (the Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Board's major federal program for the year ended December 31, 2019. The Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance

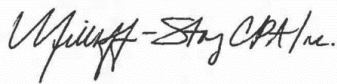
Report on Internal Control Over Compliance

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance of the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

August 21, 2020

Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified (Cash Basis)
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	Opioid STR – CFDA #93.788
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: All Others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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OHIO AUDITOR OF STATE KEITH FABER



PAINT VALLEY ADAMH SERVICES BOARD

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/17/2020

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

This report is a matter of public record and is available online at
www.ohioauditor.gov