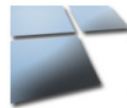


ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD
OF ADAMS, LAWRENCE AND SCIOTO COUNTIES
SCIOTO COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2020



Millhuff-Stang

CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
919 Seventh Street
Portsmouth, Ohio 45662

We have reviewed the *Independent Auditor's Report* of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Scioto County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2020 through December 31, 2020. 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 Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

October 04, 2021

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**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County
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For the Year Ended December 31, 2020**

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Independent Auditor's Report

Board of Directors
Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
919 Seventh Street
Portsmouth, Ohio 45662

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Scioto County, Ohio (the Board) as of and for the year ended December 31, 2020, 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 1 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 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 cash financial position of the governmental activities, the major fund and the aggregate remaining fund information of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Scioto County, Ohio, as of December 31, 2020, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 1.

Accounting Basis

We draw attention to Note 1 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 Matters

As discussed in Note 8 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Board. We did not modify our opinion regarding this matter.

As discussed in Note 9 to the financial statements, during 2020, the Board adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, "Fiduciary Activities." The 2020 financial statements have been restated due to this implementation. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

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.

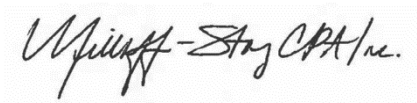
This Schedule of Federal Awards Expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 Information

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2021 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.
Wheelersburg, Ohio

August 20, 2021

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited*

This discussion and analysis provides key information from management highlighting the overall financial performance of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties (the Board) for the year ended December 31, 2020, within the limitations of the Board's cash basis of accounting. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the Board's financial statements.

Financial Highlights

Key financial highlights for 2020 are as follows:

- Net position of governmental activities increased by \$117,314 or 5.50 percent.
- The Board's major fund had \$3,812,303 in receipts and \$3,694,989 in disbursements. The fund balance increased by \$117,314.
- General receipts accounted for \$1,169,467 or 30.68 percent of total receipts. Program specific receipts in the form of operating grants and contributions accounted for \$2,642,836 or 69.32 percent of the total receipts of \$3,812,303.
- The Board had \$3,694,989 in disbursements related to governmental activities; \$2,642,836 of the disbursements have been offset by program specific operating grants and contributions. General receipts of \$1,169,467 were adequate to provide additional monies for these programs.

Using this Annual Financial Report

This annual report consists of a series of financial statements presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Board's cash basis of accounting. The Board's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Report Components

The statement of net position and the statement of activities, prepared on a cash basis, provide information about the cash activities of the Board as a whole.

Fund financial statements provide a greater level of detail. The fund is created and maintained in the financial records of the Board. These statements present financial information for the fund.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Board has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Board's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited*

financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Board as a Whole

The statement of net position and the statement of activities reflect how the Board did financially during 2020, within the limitations of cash basis accounting. The statement of net position presents the cash balance of the Board at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include operating grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Board's general receipts.

These statements report the Board's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Board's financial health. Over time, increases or decreases in the Board's cash position is one indicator of whether the Board's financial health is improving or deteriorating. There are many factors, some financial and some not financial, that affect the change in the Board's financial health.

In the statement of net position and the statement of activities, the Board has one type of activity:

Governmental activity - All of the Board's basic services are reported here. State and federal grants finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Board's Most Significant Funds

Fund financial statements provide detailed information about the Board's major fund, the general fund. The fund is established to manage the Board's activities and to help demonstrate that restricted money is being spent for the intended purpose.

Governmental Funds – Most of the Board's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Board's governmental operations and the basic service it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Board's programs.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Board. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Board's own programs. This basis of accounting used for fiduciary funds is the cash basis of accounting. The Board's only fiduciary fund is a custodial fund.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited*

The Board as a Whole

Table 1 reflects the Board's net position in 2020 compared to 2019 on a cash basis.

Table 1
Net Position—Cash Basis

Governmental Activities

| | 2020 | Restated 2019 |
|---------------------------|-------------|------------------|
| Assets | | |
| Cash Equivalents | \$2,250,348 | \$2,133,034 |
| <i>Total Assets</i> | 2,250,348 | 2,133,034 |
| Net Position | | |
| Restricted | 1,475,875 | 1,472,703 |
| Unassigned | 774,473 | 660,331 |
| <i>Total Net Position</i> | \$2,250,348 | \$2,133,034 |

Total net position increased by \$117,314. The increase is primarily due to a timing difference related to funding received by the Board and payments made to providers.

Table 2 shows the changes in net position on a cash basis for the year ended December 31, 2020, compared to December 31, 2019 for governmental activities:

Table 2
Changes in Net Position

Governmental Activities

| | 2020 | 2019 | Change |
|---|-------------|-------------|-------------|
| Receipts | | | |
| Program Cash Receipts | | | |
| Operating Grants and Contributions | \$2,642,836 | \$3,003,393 | (\$360,557) |
| <i>Total Program Cash Receipts</i> | 2,642,836 | 3,003,393 | (360,557) |
| General Receipts | | | |
| Entitlements-Unrestricted | 1,093,494 | 1,183,685 | (90,191) |
| Other Grants | 0 | 179,455 | (179,455) |
| Other Receipts | 75,973 | 62,146 | 13,827 |
| <i>Total General Receipts</i> | 1,169,467 | 1,425,286 | (255,819) |
| <i>Total Receipts</i> | 3,812,303 | 4,428,679 | (616,376) |
| Disbursements | | | |
| Mental Health and Recovery Services: | | | |
| Agency Provider Contracts/Drug Court Grants | 2,960,230 | 3,781,535 | (821,305) |
| Other Operations | 734,759 | 843,190 | (108,431) |
| <i>Total Disbursements</i> | 3,694,989 | 4,624,725 | (929,736) |
| <i>Change in Net Position</i> | \$117,314 | (\$196,046) | \$313,360 |

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited*

Table 2 shows a decrease of \$360,557 in operating grants and contributions due to timing of grant requests.

During 2020 entitlements decreased by \$90,191 due to the Board's state allocation being decreased. The receipts consist mainly of Federal Grants, State Grants, State Subsidies and entitlements. Other grants decreased \$179,455 due to the loss of a BWC grant that was received in 2019 and due to implementation of GASB 84, which required a separate accounting of certain activity as custodial for 2020.

The majority of disbursements were for contract services accounting for \$2,960,230 or 80.33 percent of the total cash disbursements. These disbursements decreased significantly between years due to less funding received in the year available for expenditure and less funds carried forward from prior period funds, in addition to the effects of the implementation of GASB 84.

The Statement of Activities – Cash Basis shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 shows the total cost of services compared to the net cost of the services. The Net cost of services represents the cost of the program service which must be paid from the general receipts which consist of unrestricted grants, state entitlements, and other receipts.

Table 3

Governmental Activities

| | <u>Total Cost of Services 2020</u> | <u>Total Cost of Services 2019</u> | <u>Net Cost of Services 2020</u> | <u>Net Cost of Services 2019</u> |
|---|--|--|--------------------------------------|--------------------------------------|
| Mental Health and Recovery Services: | | | | |
| Agency Provide Contracts/Drug Court Grants | \$2,960,230 | \$3,781,535 | \$317,394 | 778,142 |
| Salaries and Benefits | 503,651 | 477,754 | 503,651 | 477,754 |
| Supplies | 13,826 | 12,361 | 13,826 | 12,361 |
| Equipment | 5,911 | 0 | 5,911 | 0 |
| Rentals | 53,640 | 53,997 | 53,640 | 53,997 |
| Repairs | 426 | 0 | 426 | 0 |
| Travel | 4,159 | 15,419 | 4,159 | 15,419 |
| PERS | 49,974 | 48,270 | 49,974 | 48,270 |
| Workers Comp | 5,364 | 6,345 | 5,364 | 6,345 |
| Other | 97,808 | 229,044 | 97,808 | 229,044 |
| <i>Total Disbursements</i> | <u>\$3,694,989</u> | <u>\$4,624,725</u> | <u>\$1,052,153</u> | <u>\$1,621,332</u> |

The dependence upon state and federal funds for governmental activities, including unrestricted entitlements, is apparent as all of alcohol, drug addiction and mental health services costs are supported through these funds for 2020.

The Board's Fund

The governmental fund had receipts of \$3,812,303 and disbursements of \$3,694,989. The fund balance increased by \$117,314 as the result of a timing difference between provider non-Medicaid payments made and federal and state funds received.

General Fund Budgeting Highlights

The Board's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. During 2020, the Board amended its budget several times to reflect changing circumstances.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited*

Economic Factors

The Board contracts with five provider agencies to deliver mental health and addiction services to the residents of Adams, Lawrence, and Scioto Counties. The Board will be challenged to maintain the current level of services and programs due to a projected decreasing receipts base and ordinary inflation. The Board and its administration must maintain careful financial planning and prudent fiscal management in order to balance the budget annually.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Marcy Kristian, Fiscal Manager, Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, 919 7th Street, Portsmouth, Ohio 45662.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties**
Scioto County
Statement of Net Position - Cash Basis
December 31, 2020

| | Governmental Activities |
|-------------------------------|----------------------------|
| Assets | |
| Cash Equivalents | \$2,250,348 |
| <i>Total Assets</i> | \$2,250,348 |
| Net Position | |
| Restricted for Other Purposes | \$1,475,875 |
| Unrestricted | 774,473 |
| <i>Total Net Position</i> | \$2,250,348 |

See accompanying notes to the basic financial statements.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**

*Statement of Activities - Cash Basis
Year Ended December 31, 2020*

| | Cash Disbursements | Program Cash Receipts | Net (Disbursements) Receipts and Changes in Net Position |
|---|-----------------------|---------------------------------------|--|
| | Disbursements | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities | | | |
| Mental Health and Recovery Services: | | | |
| Salaries and Benefits | \$503,651 | \$0 | (\$503,651) |
| Supplies | 13,826 | 0 | (13,826) |
| Equipment | 5,911 | 0 | (5,911) |
| Contracts - Repair | 426 | 0 | (426) |
| Agency Provider Contracts | 2,640,230 | 2,342,836 | (297,394) |
| Rentals | 53,640 | 0 | (53,640) |
| Travel | 4,159 | 0 | (4,159) |
| Public Employee's Retirement | 49,974 | 0 | (49,974) |
| Worker's Compensation | 5,364 | 0 | (5,364) |
| Specialized Docket-Drug Court Grants | 320,000 | 300,000 | (20,000) |
| Other | 97,808 | 0 | (97,808) |
| Total Governmental Activities | <u>\$3,694,989</u> | <u>\$2,642,836</u> | <u>(1,052,153)</u> |
| General Receipts | | | |
| Entitlements - Unrestricted | | | 1,093,494 |
| Other Receipts | | | <u>75,973</u> |
| Total General Receipts | | | <u>1,169,467</u> |
| Change in Net Position | | | 117,314 |
| Net Position - Beginning of Year (Restated) | | | <u>2,133,034</u> |
| Net Position - End of Year | | | <u><u>\$2,250,348</u></u> |

See accompanying notes to the basic financial statements

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties**

Scioto County

Statement of Assets and Fund Balance - Cash Basis

Governmental Fund

December 31, 2020

| | <u>General</u> |
|---------------------------|---------------------------|
| Assets | |
| Cash Equivalents | <u>\$2,250,348</u> |
| <i>Total Assets</i> | <u><u>\$2,250,348</u></u> |
| Fund Balance | |
| Restricted | \$1,475,875 |
| Unassigned | <u>774,473</u> |
| <i>Total Fund Balance</i> | <u><u>\$2,250,348</u></u> |

See accompanying notes to the basic financial statements.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**

*Statement of Receipts, Disbursements, and Change in Fund Balance - Cash Basis
Governmental Fund
Year Ended December 31, 2020*

| | General |
|--|-------------|
| Receipts | |
| Intergovernmental | \$3,736,330 |
| Other Receipts | 75,973 |
| <i>Total Receipts</i> | 3,812,303 |
| Disbursements | |
| Mental Health and Recovery Services: | |
| Salaries and Benefits | 503,651 |
| Supplies | 13,826 |
| Equipment | 5,911 |
| Contracts Repairs | 426 |
| Agency provider contracts | 2,640,230 |
| Rentals | 53,640 |
| Travel | 4,159 |
| Public Employee's Retirement | 49,974 |
| Worker's Compensation | 5,364 |
| Specialty Docket-Drug Court Grants | 320,000 |
| Other | 97,808 |
| <i>Total Disbursements</i> | 3,694,989 |
| <i>Net Change in Fund Balance</i> | 117,314 |
| <i>Fund Balance Beginning of Year (Restated)</i> | 2,133,034 |
| <i>Fund Balance End of Year</i> | \$2,250,348 |

See accompanying notes to the basic financial statements.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties**

Scioto County

*Statement of Receipts, Disbursements, and Change in Fund Balance - Budget and Actual - Budget Basis
General Fund*

Year Ended December 31, 2020

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|-------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Intergovernmental | \$3,292,657 | \$3,959,544 | \$3,736,330 | (\$223,214) |
| Other Receipts | 27,620 | 51,690 | 75,973 | 24,283 |
| <i>Total Receipts</i> | 3,320,277 | 4,011,234 | 3,812,303 | (198,931) |
| Disbursements | | | | |
| Mental Health and Recovery Services: | | | | |
| Salaries and Benefits | 487,718 | 529,325 | 503,651 | 25,674 |
| Supplies | 14,400 | 22,663 | 13,826 | 8,837 |
| Equipment | 5,200 | 7,248 | 5,911 | 1,337 |
| Contracts Repairs | 0 | 1,400 | 426 | 974 |
| Agency provider contracts | 4,534,870 | 4,755,887 | 2,640,230 | 2,115,657 |
| Rentals | 54,545 | 54,185 | 53,640 | 545 |
| Travel | 21,109 | 21,109 | 4,159 | 16,950 |
| Public Employee's Retirement | 50,065 | 51,100 | 49,974 | 1,126 |
| Worker's Compensation | 6,000 | 7,500 | 5,364 | 2,136 |
| Specialized Docket-Drug Court Grants | 154,072 | 320,000 | 320,000 | 0 |
| Other Expenses | 95,707 | 148,179 | 97,808 | 50,371 |
| <i>Total Disbursements</i> | 5,423,686 | 5,918,596 | 3,694,989 | 2,223,607 |
| <i>Net Change in Fund Balance</i> | (2,103,409) | (1,907,362) | 117,314 | 2,024,676 |
| <i>Fund Balance Beginning of Year (Restated)</i> | 2,133,034 | 2,133,034 | 2,133,034 | 0 |
| <i>Fund Balance End of Year</i> | \$29,625 | \$225,672 | \$2,250,348 | \$2,024,676 |

See accompanying notes to the basic financial statements

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties**

Scioto County

Statement of Fiduciary Net Position - Cash Basis

Fiduciary Fund

As of December 31, 2020

| | <u>Custodial</u> |
|------------------------------|------------------------|
| Assets | |
| Cash Equivalents | <u>\$74,170</u> |
| <i>Total Assets</i> | <u><u>\$74,170</u></u> |
| Net Position | |
| Restricted for Organizations | <u>\$74,170</u> |
| <i>Total Net Position</i> | <u><u>\$74,170</u></u> |

See accompanying notes to the basic financial statements.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Fund
Year Ended December 31, 2020*

| | Custodial |
|--|-----------|
| Additions: | |
| Amounts Received as Fiscal Agent | \$331,598 |
| <i>Total Additions</i> | 331,598 |
| Deductions: | |
| Distributions as Fiscal Agent | 260,428 |
| <i>Total Deductions</i> | 260,428 |
| <i>Net Change in Net Position</i> | 71,170 |
| <i>Net Position Beginning of Year (Restated)</i> | 3,000 |
| <i>Net Position End of Year</i> | \$74,170 |

See accompanying notes to the basic financial statements.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Notes to the Basic Financial Statements
Year Ended December 31, 2020*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties (the Board) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board is required to be directed by fourteen-member Board. Board members are appointed by Director of Mental Health and Addictions Services and the County Commissioners of the political subdivisions making up the Board's service area. The Board includes members from those legislative authorities as well as citizens of the participating subdivisions. Those subdivisions are Adams County, Lawrence County and Scioto County. The Board provides Mental Health and Addiction services and programs to citizens of the Board. These services are provided primarily through contracts with private and public agencies. The Director of Mental Health and Addiction Services shall appoint six members of the Board and the Board of County Commissioners shall appoint eight members proportionate to each County's population to the population of the whole district with at least one member being appointed from each County.

The Board's management believes this financial statement presents all activities for which the Board is financially accountable.

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the Board consists of all funds, departments, boards and agencies that are not legally separate from the Board.

Component units are legally separate organizations for which the Board is financially accountable. Component units may also include 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. The Board has no component units.

The Board serves as the administrative agent for the Lawrence County Appalachian Family Children First Council, but the Council is not a part of the Board. Accordingly, the activity of the Council is reported as a custodial fund within the financial statements.

B. Basis of Presentation

These financial statements and notes are presented on a cash basis of accounting. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. 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 Government Accounting Standards Board (GASB) pronouncements.

Budgetary presentations report budgetary expenditures when a commitment is made (I.e., when an encumbrance is approved). Differences between disbursements reported in the fund and entity wide statements versus budgetary expenditures are due to encumbrances outstanding at the beginning and end of the fiscal year. The Board has no outstanding encumbrances at December 31, 2020.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**

*Notes to the Basic Financial Statements
Year Ended December 31, 2020*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The statements distinguish those activities of the Board that are governmental and those that are considered business-type activities. The Board has no business-type activities.

The Statement of Net Position presents the cash balance of the governmental activities of the Board at year-end. The government-wide statement of activities presents a comparison between direct disbursements and program receipts for each of the Board's governmental activities. Direct disbursements are those that are for a specific service, program or department and are therefore identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Board with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the Board.

Fund Financial Statements - Fund financial statements report detailed information about the 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. The Board has only one major fund, The General Fund. Fiduciary funds are reported by type.

C. Fund Accounting

The Board uses funds to report its financial position and results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. The funds of the Board are presented in two categories: governmental and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions of the Board are financed. The following is the Board's major governmental fund:

General Fund – The general fund is established to account for proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes for which the board was established.

Fiduciary Funds – Fiduciary fund reporting focuses on cash basis assets and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the Board under a trust agreement, or equivalent arrangement that has certain characteristics, for individuals, private organizations, or other governments and are therefore not available to support the Board's own programs. The Board has no trust funds. The Board's only fiduciary fund is a custodial fund that accounts for assets held by the Board for a political subdivision for which the Board acts as fiscal agent.

D. 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.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**

*Notes to the Basic Financial Statements
Year Ended December 31, 2020*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of the use of the cash basis of accounting, certain 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.

E. Budgetary Process

Ohio law requires all funds, except custodial funds, to be budgeted and appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amounts that the Board may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board uses the fund, function and object as its legal level of control.

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 reflect the amounts on the certificate of estimated resources when the original appropriations were approved. 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 approved by the Board of Directors.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for that fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

F. Cash and Cash Equivalents

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

G. Capital Assets

The Board records disbursement for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Notes to the Basic Financial Statements
Year Ended December 31, 2020*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are 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.

2. Restricted

Fund balance is reported as *restricted* when constraints placed on the use of resources is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

3. Committed

The Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

4. Assigned

Amounts in the assigned fund balance classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a Board official delegated that authority by resolution, or by State Statute.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**

*Notes to the Basic Financial Statements
Year Ended December 31, 2020*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The 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.

J. 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.

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 is available.

K. Employer Contributions to Cost-Sharing Pension Plans

The Board recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 3 and 4, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

2. DEPOSITS AND INVESTMENTS

As required by the Ohio Revised code, the Scioto County Treasurer is custodian for the Board's deposits. The county's deposit and investment pool holds the Board's assets, valued at the Treasurer's reported carrying amount.

3. DEFINED BENEFIT PENSION PLAN

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Board employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administer 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 combination cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. While members (e.g. 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.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**

*Notes to the Basic Financial Statements
Year Ended December 31, 2020*

3. DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provide 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 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 services 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Notes to the Basic Financial Statements
Year Ended December 31, 2020*

3. DEFINED BENEFIT PENSION PLAN (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for 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, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be 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 |
|--|--------------------|
| 2020 Statutory Maximum Contribution Rates | |
| Employer | 14.0% |
| Employee | 10.0% |
| 2020 Actual Contribution Rates | |
| Employer: | |
| Pension | 14.0% |
| Post-employment Health Care Benefits | 0 |
| Total Employer | 14.0% |
| Employee | 10.00% |

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Board's contractually required contribution was \$49,974 for the year 2020.

4. POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

Plan Description – 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 healthcare trusts, which fund 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 separation, member-directed plan participants may be eligible for reimbursement of qualified medical expense from their vested RMA balance.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Notes to the Basic Financial Statements
Year Ended December 31, 2020*

4. POST-EMPLOYMENT BENEFITS (Continued)

In order to qualify for postemployment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. 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. Please 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.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <http://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. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, State and Local employers contributed at a rate of 14.0 percent of earnable salary. This is 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. For 2020, 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 serving 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 a member-directed plan for 2020 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 2020.

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Notes to the Basic Financial Statements
Year Ended December 31, 2020*

5. RISK MANAGEMENT

Commercial Insurance

The Board has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.
- Directors and Officers Liability

The Board also provides health, life, and disability insurances, and dental and vision coverage to full-time employees through a private carrier.

6. CONTINGENCIES

Grants

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

Litigation

The Board is currently not involved in legal proceedings.

7. 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 General Fund are presented below:

| Fund Balances | <u>General Fund</u> |
|---|-------------------------------|
| Restricted for | |
| Other Purposes-Federal Grants | \$1,155,534 |
| Addiction Treatment Program for Drug Courts | 133,284 |
| Community Transition Program for prison release | <u>187,057</u> |
| <i>Total Restricted</i> | 1,475,875 |
| Unassigned | <u>774,473</u> |
| <i>Total Fund Balances</i> | <u><u>\$2,250,348</u></u> |

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**

*Notes to the Basic Financial Statements
Year Ended December 31, 2020*

8. COVID-19

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 continuing emergency measures will impact subsequent periods of the Board. The impact of the Board’s future operating costs, revenues, and any additional recovery from emergency funding, either federal or state, cannot be estimated.

9. New Accounting Pronouncements/Restatement of Beginning Balances

For the year ended December 31, 2020, the Board was required to implement Governmental Accounting Standards Board Statement No. 84, “Fiduciary Activities.”

GASB Statement No. 84 establishes criteria for identifying activities for all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. Statement No. 84 provides that governments should report activities meeting certain criteria in a fiduciary fund in the basic financial statements and present a statement of fiduciary net position and statement of changes in fiduciary net position. Statement No. 84 also describes four fiduciary funds that should be reported, if applicable: pension/employee benefit trust funds; investment trust funds; private purpose trust funds; and custodial funds with fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

Changes in financial statement presentation and note disclosures have been incorporated with the implementation of GASB Statement No. 84. Beginning net position/fund balances have also been restated, as discussed below.

Due to the implementation of GASB Statement No. 84, the Board had a fund that was required to be reclassified to another fund type. This reclassification had the following effect on beginning balances.

| | Governmental Activities/ General Fund | Custodial Fund |
|---|---|-------------------|
| Net Position/Fund Balance, As Reported, December 31, 2019 | \$2,136,034 | \$0 |
| GASB Statement No. 84: | | |
| Reclass of Fund | (3,000) | 3,000 |
| Net Position/Fund Balance, As Restated, January 1, 2020 | \$2,133,034 | \$3,000 |

Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties
Scioto County
Schedule of Federal Awards Expenditures
Year Ended December 31, 2020

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Federal CFDA Number | Pass Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|---------------------------|--|------------------------------------|-------------------------------|
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| <i>Passed Through Ohio Department of Developmental Disabilities:</i> | | | | |
| Special Education-Grant for Infants and Families | | | | |
| Special Education-Grant for Infants and Families | 84.181 | H181A180024 | \$42,944 | \$42,944 |
| Special Education-Grant for Infants and Families | 84.181 | H181A190024 | 82,837 | 82,837 |
| Total Special Education-Grant for Infants and Families | | | <u>125,781</u> | <u>125,781</u> |
| Total United States Department of Education | | | 125,781 | 125,781 |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | | |
| <i>Passed Through Ohio Department of Mental Health and Addiction Services:</i> | | | | |
| Social Services Block Grant-Title XX | 93.667 | N/A | 107,453 | 107,453 |
| Block Grants for Community Mental Health Services | | | | |
| Community Plan | 93.958 | N/A | 215,142 | 215,142 |
| Forensic Block Grant | 93.958 | N/A | 2,200 | 2,200 |
| Total Block Grants for Community Mental Health Services | | | <u>217,342</u> | <u>217,342</u> |
| SOR Grant | | | | |
| SOR Grant | 93.788 | 2000407 | 527,908 | 527,908 |
| SOR Housing Grant | 93.788 | 1900799 | 156,569 | 156,569 |
| Total SOR Grant | | | <u>684,477</u> | <u>684,477</u> |
| Block Grants for Prevention and Treatment of Substance Abuse | | | | |
| Women's Residential-Scioto County | 93.959 | 73-6846-WOMEN-T-2000048 | 182,773 | 182,773 |
| Women's Residential-Lawrence County | 93.959 | 73-6846-WOMEN-T-2000281 | 179,739 | 179,739 |
| Per Capita/Prevention-SAPT | 93.959 | N/A | 174,268 | 174,268 |
| Per Capita/Treatment-SAPT | 93.959 | N/A | 449,551 | 449,551 |
| Total Block Grants for Prevention and Treatment of Substance Abuse | | | <u>986,331</u> | <u>986,331</u> |
| COVID-19 Emergency Grant | 93.665 | N/A | 14,465 | 14,465 |
| Total United States Department of Health and Human Services | | | 2,010,068 | 2,010,068 |
| <u>U.S. DEPARTMENT OF TREASURY</u> | | | | |
| <i>Passed Through Ohio Office of Budget and Management:</i> | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | N/A | 21,639 | 21,639 |
| Total United States Department of Treasury | | | <u>21,639</u> | <u>21,639</u> |
| Total Federal Awards Expenditures | | | <u><u>\$2,157,488</u></u> | <u><u>\$2,157,488</u></u> |

N/A - pass through entity number not available

See the accompanying notes to the schedule of federal awards expenditures.

Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties
Scioto County

Notes to the Schedule of Federal Awards Expenditures
2 CFR 200.510(b)(6)
Year Ended December 31, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of federal Awards expenditures (the Schedule) includes the federal award activity of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties (the Board) under programs of the federal government for the year ended December 31, 2020. 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 and change in cash financial position 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.

NOTE C – SUBRECIPIENTS

The Board passes certain federal awards received from the Ohio Department of Developmental Disabilities, the Ohio Department of Mental Health and Addiction Services, and the Ohio Office of Budget and Management to other governments or not-for-profit agencies (subrecipients). As Note B describes the Board reports expenditures of Federal awards to subrecipients when paid in cash. As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D – MATCHING REQUIREMENTS

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

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 Directors
Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
919 Seventh Street
Portsmouth, Ohio 45662

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, the major fund and the aggregate remaining fund information of the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties, Scioto County (the Board) as of and for the year ended December 31, 2020, 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 20, 2021, 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 continuing emergency measures will impact subsequent periods of the Board and that the Board implemented Governmental Accounting Standards Board Statement No 84, "Fiduciary Activities" and restated beginning net position and fund balances as a result of this implementation.

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) as a basis for designing 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the

accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

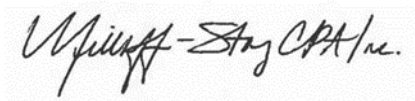
As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

Board's Responses to Findings

The Board's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.
Wheelersburg, Ohio

August 20, 2021

**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 Directors
Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
919 Seventh Street
Portsmouth, Ohio 45662

Report on Compliance for Each Major Federal Program

We have audited the Alcohol, Drug Addiction and Mental Health Services Board of Adams, Lawrence and Scioto Counties' (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, 2020. 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 of the Board's major federal program 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, 2020.

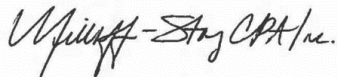
Report on Internal Control Over Compliance

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for 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.
Wheelersburg, Ohio

August 20, 2021

**Alcohol, Drug Addiction and Mental Health Services Board
of Adams, Lawrence and Scioto Counties
Scioto County**
*Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2020*

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? | Yes |
| 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): | Block Grants for Prevention and Treatment of Substance Abuse (CFDA #93.959) |
| 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

Finding Number 2020-001

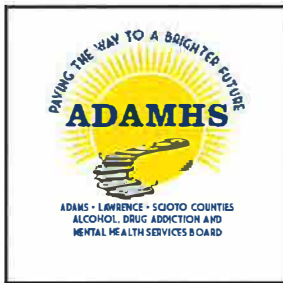
Material Weakness – Financial Reporting

A monitoring system by the Board should be in place to prevent or detect misstatements for the fair presentation of the Board’s financial statements, including assurance that changes in accounting pronouncements are properly implemented, as applicable. During the course of testing, we noted the Board did not implement Governmental Accounting Standards Board Statement No. 84. We also noted errors in program receipt/general receipt and intergovernmental receipt classifications. Adjustments were required to correct for the implementation of the new accounting pronouncement and to correct receipt classifications. The Board should implement additional monitoring procedures to ensure that new accounting pronouncements are analyzed and implemented, when applicable, and to ensure that receipt classifications are appropriate.

Client Response:
See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None



ADAMHS BOARD

**Alcohol, Drug Addiction, Mental Health Services Board
of Adams, Lawrence, Scioto Counties**

**Susan Shultz, Executive Director
Julie Monroe, Chairperson**

**919 7th Street
Portsmouth, Ohio 45662-4028**

**Scioto County Office: [740] 354-5648 (also TDD)
FAX: [740] 353-5327 SECURED FAX: [740] 354-2918
Toll Free: Voice: 1-888-354-5648
E-mail Address: alsbd@adamhsals.org
World Wide Web: www.adamhsals.org**

*Corrective Action Plan
For the Year Ended December 31, 2020*

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|--------------------------------|
| 2020-001 | Will report LCAFCC as custodial funds on future financial statements. | 2/1/22 | Marcy Kristian, Fiscal Manager |

“Empowering residents to be mentally and physically healthy and to lead addiction-free lifestyles”

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OHIO AUDITOR OF STATE KEITH FABER



**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH SERVICES BOARD OF ADAMS, LAWRENCE
AND SCIOTO COUNTIES**

SCIOTO 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 10/14/2021

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