

PAIN VALLEY ALCOHOL, DRUG ADDICTION, AND MENTAL HEALTH SERVICES BOARD  
ROSS COUNTY  
SINGLE AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2023



*Millhuff-Stang*

CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Board of Health  
Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board  
3974 Chestnut Street  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2023 through December 31, 2023. 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 Alcohol, Drug Addiction, and Mental Health Services Board 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

November 03, 2024

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**Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board**  
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*For the Year Ended December 31, 2023*

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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 Audit of Financial Statements**

***Opinions***

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, and each major fund, of the Paint Valley Alcohol, Drug Addiction, and Mental Health Services, Ross County, as of December 31, 2023, and the respective changes in cash-basis financial position thereof and the budgetary comparison for all funds thereof for the year then ended in accordance with the cash-basis of accounting described in Note 2.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of Matter – Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

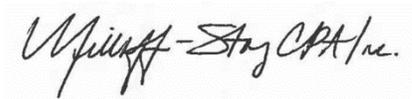
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### 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 Expenditures of Federal Awards 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. Such information 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. The 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 Expenditures of Federal Awards 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 September 4, 2024 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's 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

September 4, 2024

**Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board**  
*Statement of Net Position - Cash Basis*  
*December 31, 2023*

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	<u>Governmental Activities</u>
Assets	
Equity in County Treasury	<u>\$11,312,834</u>
Total Assets	<u><u>\$11,312,834</u></u>
Net Position	
Restricted For:	
State Grants	\$1,776,005
Unrestricted	<u>9,536,829</u>
Total Net Position	<u><u>\$11,312,834</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, 2023*

	Cash	Program Cash Receipts	Net Receipts (Disbursements) and Changes in Net Position
	Disbursements	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
General Government	\$1,238,065	\$62,770	(\$1,175,295)
Public Health Services	9,056,029	6,817,990	(2,238,039)
Total Governmental Activities	<u>\$10,294,094</u>	<u>\$6,880,760</u>	(3,413,334)
General Receipts			
Property Taxes Levied for General Purposes			4,404,865
Grants and Entitlements not Restricted to Specific Programs			476,077
Other			<u>105,430</u>
Total General Receipts			<u>4,986,372</u>
Change in Net Position			1,573,038
Net Position Beginning of Year			<u>9,739,796</u>
Net Position End of Year			<u>\$11,312,834</u>

See the accompanying notes to the basic financial statements.

**Paint Valley Alcohol, Drug Addiction, and Mental Health Services Board**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2023*

	General Fund	Federal Grant Fund	State Grant Fund	Total Governmental Funds
Assets				
Equity in County Treasury	\$9,540,013	(\$3,184)	\$1,776,005	\$11,312,834
Total Assets	<u>\$9,540,013</u>	<u>(\$3,184)</u>	<u>\$1,776,005</u>	<u>\$11,312,834</u>
Fund Balances				
Restricted	\$0	\$0	\$1,776,005	\$1,776,005
Assigned	880,743	0	0	880,743
Unassigned (Deficit)	8,659,270	(3,184)	0	8,656,086
Total Fund Balances	<u>\$9,540,013</u>	<u>(\$3,184)</u>	<u>\$1,776,005</u>	<u>\$11,312,834</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 Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2023*

	General Fund	Federal Grant Fund	State Grant Fund	Total Governmental Funds
Receipts				
Property Taxes	\$4,404,865	\$0	\$0	\$4,404,865
Intergovernmental	476,077	945,893	2,807,788	4,229,758
Other Grants	72,072	2,942,507	112,500	3,127,079
Other	105,430	0	0	105,430
<b>Total Receipts</b>	<b>5,058,444</b>	<b>3,888,400</b>	<b>2,920,288</b>	<b>11,867,132</b>
Disbursements				
Current:				
General Government	1,175,295	62,770	0	1,238,065
Public Health Services	2,762,862	3,820,741	2,472,426	9,056,029
<b>Total Disbursements</b>	<b>3,938,157</b>	<b>3,883,511</b>	<b>2,472,426</b>	<b>10,294,094</b>
Net Change in Fund Balances	1,120,287	4,889	447,862	1,573,038
Beginning (Deficit) Fund Balances, January 1	8,419,726	(8,073)	1,328,143	9,739,796
Ending (Deficit) Fund Balances, December 31	<u>\$9,540,013</u>	<u>(\$3,184)</u>	<u>\$1,776,005</u>	<u>\$11,312,834</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 - Budget Basis*

*All Funds*

*For the Year Ended December 31, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$4,247,000	\$4,247,000	\$4,404,865	\$157,865
Intergovernmental	3,222,953	3,822,444	4,229,758	407,314
Other Grants	1,000,000	3,616,470	3,127,079	(489,391)
Other	31,500	31,500	105,430	73,930
Total Receipts	8,501,453	11,717,414	11,867,132	149,718
Disbursements				
Current:				
General Government	1,369,542	1,374,542	1,238,065	136,477
Public Health Services	8,006,831	12,007,177	9,056,029	2,951,148
Total Disbursements	9,376,373	13,381,719	10,294,094	3,087,625
Net Change in Fund Balances	(874,920)	(1,664,305)	1,573,038	3,237,343
Beginning Fund Balances, January 1	9,739,796	9,739,796	9,739,796	0
Ending Fund Balances, December 31	\$8,864,876	\$8,075,491	\$11,312,834	\$3,237,343

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, 2023*

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### **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, 2023*

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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, 2023*

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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, David Jeffers 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 7 and 8, 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, 2023*

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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.

**Internal Activity**

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 2023.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements, and changes in fund balance-budget 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,

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

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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 Board had no encumbrances outstanding at year end (budgetary basis).

**Note 4 – Deposits and Investments**

As required by the Ohio Revised Code, the Ross 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.

**Note 5 – 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 2023 represent the collection of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

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 later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The assessed values of real property and public utility property upon which 2023 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 6 – 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 2023, the Board contracted with commercial carriers for professional and general liability insurance and property insurance. Coverages provided are as follows:

Building (\$500 Deductible)	\$1,340,132
Business Personal Property (\$500 Deductible)	155,050
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.

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

**Note 7 – Defined Benefit Pension Plan**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

*Plan Description* – All Board employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional 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>, 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 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 Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 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 amount of a member’s pension benefit vests upon receipt of the

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

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initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). 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 on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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 annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), 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. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

	<u>State and Local</u>
<b>2023 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
<b>2023 Actual Contribution Rates</b>	
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.

\*\*\*\* These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2023 The Health District's contractually required contribution was \$88,274.

**Note 8 – Postemployment 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-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

*Medicare Retirees* – Medicare-eligible with a minimum of 20 years of qualifying service credit

*Non-Medicare Retirees* – Non-Medicare retirees qualify based on the following age-and-service criteria:

*Group A* – 30 years of qualifying service credit at any age;

*Group B* – 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

*Group C* – 32 years of qualifying service credit and minimum age 55; or,

A retiree from group A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

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Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

The health care 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 expenses from their vested RMA balance.

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 allowing 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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the 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

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

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deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's contractually required contribution was \$0 for the year 2023.

**Note 9 – Contingent Liabilities**

**Litigation**

The Board is not currently party to legal proceedings.

**Grants**

Amounts grantor agencies pay to the Board are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 10 – 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 governmental funds. The constraints placed on fund balance for the major governmental funds are presented below:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Federal Grant Fund</u>	<u>State Grant Fund</u>	<u>Total</u>
<b>Restricted for:</b>				
Drug Court Addiction Treatment	\$0	\$0	\$131,850	\$131,850
Recovery Housing Program	0	0	14,450	14,450
Crisis Flex Funding	0	0	582,258	582,258
Community Linkage Program	0	0	35,126	35,126
SUD Treatment and Recovery Support	0	0	416,184	416,184
Crisis Infrastructure	0	0	193,155	193,155
Multi-System Adult	0	0	187,882	187,882
Mental Health Crisis Stabilization	0	0	82,850	82,850
AOD Crisis Stabilization	0	0	121,800	121,800
CARES Indigent Hospitalization	0	0	10,450	10,450
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>1,776,005</u>	<u>1,776,005</u>
<b>Assigned for:</b>				
Future Appropriations	880,743	0	0	880,743
<b>Unassigned (Deficit)</b>	<u>8,659,270</u>	<u>(3,184)</u>	<u>0</u>	<u>8,656,086</u>
<b>Total</b>	<u>\$9,540,013</u>	<u>(\$3,184)</u>	<u>\$1,776,005</u>	<u>\$11,312,834</u>

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, 2023, the Board had a total cash fund balance of \$11,312,834 with \$10,384,768 in budgeted appropriations for calendar year 2024. The Board was in compliance with their cash reserve policy.

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

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**Note 11 – Accountability**

The Board had a deficit fund balance in the federal grant fund at December 31, 2023. This deficit is the result of grant requirements that funds must be spent before requests for reimbursement can be submitted. The Board had a reimbursement request pending at December 31, 2023 to cover this deficit.

**Note 12 – New Accounting Pronouncements**

For 2023, the Board implemented Governmental Accounting Standards Board (GASB) Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, Statement No. 96, “Subscription-Based Information Technology Arrangements”, and Statement No. 99, “Omnibus 2022”.

GASB Statement No. 94 provides guidance to improve accounting and financial reporting for public-private and public-public partnership arrangements (commonly referred to as P3s) and availability payment arrangements (APAs). It has guidance for P3 arrangements, including those that are outside of the scope of the GASB’s existing literature for those transactions, namely Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, and Statement No. 87, “Leases”. The Statement also makes certain improvements to the guidance previously included in Statement 60 and provides accounting and financial reporting guidance for APAs.

GASB 94 defines a P3 as an arrangement in which a government transferor contracts with a governmental or nongovernmental operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, the underlying P3 asset, for a period of time in an exchange or exchange-like transaction.

Some P3s meet the definition of a service concession arrangement (SCA). GASB 94 carries forward the financial reporting requirements for SCAs that were included in Statement 60, with modifications to apply the more extensive requirements related to recognition and measurement of leases to SCAs.

P3s that meet the definition of a lease should apply the guidance in Statement 87, if existing assets of the transferor that are not required to be improved by the operator as part of the P3 arrangement are the only underlying P3 assets and the P3s do not meet the definition of an SCA. GASB 94 provides specific guidance for all other P3s from the perspective of both a government that transfers rights to another party and governmental operators that receive those rights.

GASB 94 defines an APA as an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying infrastructure or other nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB 94 requires governments to account for APAs related to those activities and in which ownership of the asset transfers by the end of the contract as a financed purchase of the underlying infrastructure or other nonfinancial asset. It also requires a government to report an APA that is related to operating or maintaining a nonfinancial asset as an outflow of resources (for example, expense) in the period to which payments relate.

GASB Statement No. 96 provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in Statement 87, “Leases”. It:

- Defines a SBITA as a contract that conveys control of the right to use a SBITA vendor’s IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction;
- Requires governments with SBITAs to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability (with an exception for short-term SBITAs—those with a maximum possible term of 12 months); and

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

*Notes to the Basic Financial Statements*

*For the Year Ended December 31, 2023*

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- Provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

GASB Statement No. 99 provides clarification of provisions related to leases (GASB 87), PPPs (GASB 94), and SBITAs (GASB 96).

These statements were considered in the preparation of the Board's 2023 financial statements; however, there was no effect on beginning net position/fund balance nor was note disclosure presentation required.

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>				
<i>Passed Through Ohio Department of Mental Health &amp; Addiction Services:</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	N	35,573
<i>Total Passed Through the Ohio Department of Mental Health &amp; Addiction Services</i>				35,573
Total U.S. Department of the Treasury				\$ 35,573
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<i>Passed Through Ohio Department of Mental Health &amp; Addiction Services:</i>				
Opiod STR	93.788	N/A	N	\$ 2,768,353
Block Grants for Community Mental Health Services	93.958	N/A	N	165,785
COVID-19 - Emergency Grants to Address Mental and Substance Abuse Disorders During COVID-19	93.665	H79FG000645	N	142,904
Social Services Block Grant (Title XX)	93.667	N/A	N	130,564
Block Grant for Prevention and Treatment of Substance Abuse	93.959	N/A	N	633,821
COVID-19 - Block Grant for Prevention and Treatment of Substance Abuse	93.959	N/A	N	6,512
Total Block Grant for Prevention and Treatment of Substance Abuse				640,333
<i>Total Passed Through the Ohio Department of Mental Health &amp; Addiction Services</i>				\$ 3,847,939
Total U.S. Department of Health and Human Services				\$ 3,847,939
<b>Total Expenditures of Federal Awards</b>				<b>\$ 3,883,512</b>

N/A - pass-through entity number not available  
N - no subrecipients

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, 2023**

**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, 2023.

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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 4, 2024, wherein we noted the Board followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America.

**Report on 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 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.

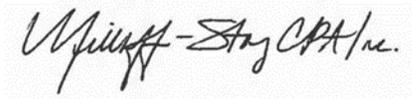
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Report on 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*.

### **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

September 4, 2024



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**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**

***Opinion on 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 identified as subject to audit 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, 2023. 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.

In our opinion, the Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Board's federal programs.

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

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Internal Control Over Compliance**

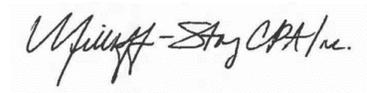
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

September 4, 2024

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

*Schedule of Findings and Questioned Costs*

*2 CFR § 200.515*

*For the Year Ended December 31, 2023*

**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 – AL #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

# OHIO AUDITOR OF STATE KEITH FABER



**PAINT VALLEY ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH 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 11/14/2024**

65 East State 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](http://www.ohioauditor.gov)