

**ALCOHOL, DRUG AND MENTAL HEALTH
BOARD OF FRANKLIN COUNTY
(A BLENDED COMPONENT UNIT OF FRANKLIN COUNTY)
FRANKLIN COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2021**

**ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY
DECEMBER 31, 2021**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcohol, Drug and Mental Health Board of Franklin County, Franklin County, Ohio (the ADAMH Board), a blended component unit presented as a major special revenue fund of Franklin County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the ADAMH Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Alcohol, Drug and Mental Health Board of Franklin County, Franklin County, Ohio, as of December 31, 2021, and the respective changes in financial position thereof and the respective budgetary comparison for the General, State, and Federal funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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. 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 ADAMH 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

As discussed in Note 1P to the financial statements, during 2021, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the ADAMH Board. We did not modify our opinion regarding 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 accounting principles generally accepted in the United States of America, and 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 ADAMH 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 ADAMH 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 ADAMH 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic

financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ADAMH 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 are presented for purposes of additional analysis and are 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 statements 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 June 22, 2022, on our consideration of the ADAMH Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 ADAMH 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 ADAMH Board's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 22, 2022

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

As management of the Alcohol, Drug and Mental Health Board of Franklin County (“the ADAMH Board”), we are providing this overview of the ADAMH Board’s financial activities for the year ended December 31, 2021. Please read this overview in conjunction with the ADAMH Board’s basic financial statements, which follow.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2021 are as follows:

- The ADAMH Board’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of 2021 by \$62,976,049. Of this amount; \$35,771,567 is considered restricted.
- As of the close of 2021, the ADAMH Board’s governmental funds reported combined ending restricted fund balances of \$33,158,482.
- As of the close of 2021, the ADAMH Board has cumulated deposit amounts totaling \$67,382,801.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

While this document contains information about the funds used by the ADAMH Board to provide services to our citizens, the view of the ADAMH Board as a whole looks at all financial transactions and asks the question, “How did we do financially during the year ended December 31, 2021?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

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

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FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Fund Financial Statements

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

Governmental Funds

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

The ADAMH Board maintains five individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, State Fund, Federal Fund, Crisis Center Fund, and the Other Government Fund. The basic governmental fund financial statements can be found starting on page 17 of this report.

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

THE ADAMH BOARD AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the ADAMH Board as a whole. Table 1, below, provides a summary of the ADAMH Board's net position for 2021 compared to 2020.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

Table 1 - Net Position

	Governmental Activities	
	2021	2020
Current and Other Assets	\$140,270,723	\$123,000,770
Capital Assets	2,812,928	2,083,142
Total Assets	\$143,083,651	\$125,083,912
Deferred Outflows of Resources:		
Pension	\$775,906	\$794,142
OPEB	\$322,389	\$552,556
Total Deferred Outflows of Resources	\$1,098,295	\$1,346,698
Current Liabilities	\$6,941,353	\$7,297,923
Net Pension Liability	3,833,324	4,728,846
Net OPEB Liability	0	3,336,211
Long-term Liabilities	10,516,762	909,567
Total Liabilities	\$21,291,439	\$16,272,547
Deferred Inflows of Resources:		
Property Tax	\$56,685,000	\$55,812,000
Pension	1,786,744	1,373,477
OPEB	1,442,714	630,838
Total Deferred Inflows of Resources	\$59,914,458	\$57,816,315
Net Investment in Capital Assets	\$2,025,390	\$2,083,142
Restricted for:		
Health Services	21,884,567	15,773,198
Capital Projects	13,887,000	0
Unrestricted	25,179,092	34,485,408
Total Net Position	\$62,976,049	\$52,341,748

Total assets increased by \$17,999,739 between 2020 and 2021, while total liabilities increased by \$5,018,892.

The increase in assets can be attributed to significant cash deposits for the construction of the Crisis Center. The most significant of these cash deposits include a loan from the Franklin County Board of Commissioners, support from the City of Columbus and the ADAMH Board levy fund, and the Hospital Association. The increase in liabilities is a result of a loan received for the construction of the Crisis Center.

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Table 2 - Changes in Net Position

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Program Revenues:		
Operating Grants and Contributions	\$39,470,849	\$25,973,706
Capital Grants and Contributions	11,000,000	-
General Revenues:		
Property Taxes	56,367,087	54,919,620
Grants and Entitlements not restricted to specific programs	5,048,094	5,642,989
Other Unrestricted Revenues	1,630	2,259
Total Revenues	<u>\$111,887,660</u>	<u>\$86,538,574</u>
Expenses:		
Health Services	\$96,332,545	\$83,875,604
General Government	4,920,814	9,070,657
Total Expenses	<u>\$101,253,359</u>	<u>\$92,946,261</u>
Changes in Net Position	\$10,634,301	(\$6,407,687)
Net Position - Beginning	52,341,748	58,749,435
Net Position - Ending	<u>\$62,976,049</u>	<u>\$52,341,748</u>

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

Total versus Net Cost of Services

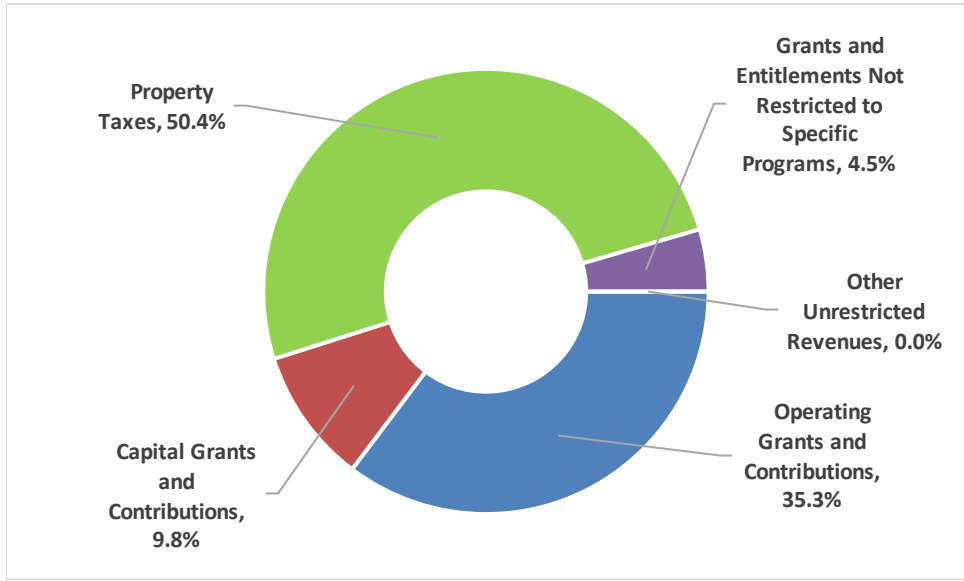
The Statement of Activities shows the cost of program services and the grants associated with those services. The table below reflects the cost of program services and the net cost of those services after taking into account the program revenues. When applicable, the net cost of program services must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

Table 3 - Functions/Programs

<u>Functions / Programs</u>	<u>2021 Total Cost of Services</u>	<u>2020 Total Cost of Services</u>	<u>2021 Net Cost of Services</u>	<u>2020 Net Cost of Services</u>
Governmental Activities:				
Health Services	\$96,332,545	\$83,875,604	\$45,861,696	\$58,036,334
General Government	4,920,814	9,070,657	\$4,920,814	\$8,936,221
Total Governmental Activities	<u>\$101,253,359</u>	<u>\$92,946,261</u>	<u>\$50,782,510</u>	<u>\$66,972,555</u>

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The ADAMH Board's reliance upon both grants and property taxes is demonstrated by the pie chart below indicating 35.3% of total revenues from operating grants and contributions, approximately 9.8% from capital grants and contributions, approximately 50.4% of revenues from property taxes, and approximately 4.5% of revenues from grants and entitlements not restricted to specific programs. The general revenues from property taxes and grants and entitlements not restricted to specific programs are intended to cover the net cost of services indicated in Table 3, above.



Property taxes (\$56.4 million) are generated from a 2.2 mill 5-year levy that began collections in calendar year 2017. Revenues in this category are contingent upon property valuations of residential and commercial real estate.

Grants and entitlements not restricted to specific programs (\$5.0 million) comprise State reimbursements of property taxes (real estate, personal property, personal property replacement and manufactured homes). Operating grants and contributions were \$39.5 million. Capital grants and contributions for the crisis center construction were \$11 million.

THE ADAMH BOARD'S FUNDS

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

At the end of 2021, the ADAMH Board's governmental funds reported a combined ending fund balance of \$60,896,095, a \$13,879,194 (29.5%) increase from the prior year. This net increase is due to (1) a reduction of the general fund's fund balance as the final year of the levy cycle saw increases in support to providers while maintaining relatively flat levy revenue, (2) an increase of the Crisis Center fund's fund balance due to receiving significant revenue, and (3) an increase in funding from the State of Ohio.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2021.

Table 4 - Changes in Governmental Assets

	Fund Balance 12/31/2021	Fund Balance 12/31/2020	Increase / (Decrease)
General Fund	\$27,737,613	\$39,276,318	(\$11,538,705)
State Fund	7,722,709	4,847,578	2,875,131
Federal Fund	1,725,498	2,263,800	(538,302)
Other Governmental Funds	610,813	629,205	(18,392)
Crisis Center Fund	23,099,462	0	23,099,462
Total	\$60,896,095	\$47,016,901	\$13,879,194

GENERAL FUND BUDGETARY INFORMATION

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

During the course of 2021, the ADAMH Board amended its General Fund revenue budget throughout the year. For the General Fund, original and final budgeted revenues were \$61,121,557 and \$61,327,969, respectively. Actual revenues for fiscal year 2021 were \$62,914,097. This represents a \$1.6 million surplus of final budgeted revenues.

General Fund original and final appropriations were \$79,050,416 and \$79,155,307, respectively. The actual 2021 budget basis expenditures totaled \$72,406,233 (\$6,749,074 less than the budgeted appropriations). Unrealized appropriations can be partially attributed to Providers having until February 15, 2022 to submit claims and final funding requests for contract year 2021 activity. \$3,890,903 of contract year 2021 expenditures did not occur until calendar year 2022.

CAPITAL ASSETS

The ADAMH Board's investment in capital assets for its governmental activities as of December 31, 2021 amounts to a total cost of \$4,797,114 or \$2,812,928 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and activities to prepare for the construction of the crisis center. A portion of the ADAMH Board's investment in capital assets includes the Engagement Center, a mental health and substance use disorder treatment facility. Total depreciation for the twelve-month period was \$57,752. Detailed information regarding capital asset activity is included in the Note 4 to the basic financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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CONDITIONS EXPECTED TO AFFECT FUTURE OPERATIONS

1. Over the next five years, the ADAMH Board envisions the consumer landscape will be impacted by the following challenges and opportunities:
 - a. Changing community demographics, population growth, continuing severe economic stressors and increased complexity of consumer and family needs will challenge the ADAMH Board to provide culturally competent services, delivered by culturally capable professionals that address the socioeconomic and health factors of residents in Franklin County.
 - b. Increasing number of diverse healthcare plans, including national healthcare reform and Medicaid Managed Care Procurement, with differing benefits (e.g. access to medications) will challenge consumers and families in meeting their expectations from multiple public payer systems.
 - c. A significant increase in the need for specialized treatments for individuals with dual disorders (i.e. both mental health and substance use disorder) as well as an increase in the demand for intensive treatments (e.g. high use of psychiatric beds and crisis services.).
 - d. An expectation for health care “homes” in which mental health and substance use disorder treatment is integrated with primary healthcare rather than a separate and distinct system.
 - e. Increased demand for more supportive housing and support services (e.g. vocational, crisis stabilization) will require the ADAMH Board to determine the un–met need and the level of supports that are required within a continuum of care.
 - f. Increased advocacy from consumers and family members for vital services from the public system of care.

2. The ADAMH Board envisions the provider network will be impacted by the following challenges and opportunities:
 - a. Capability of providers to meet the demands of consumers will be challenged by:
 - i. Rapidly changing reimbursement environment with multiple healthcare plans for insured & non–insured consumers;
 - ii. State sponsored behavior healthcare redesign for the Medicaid program including the transition of managed care organizations;
 - iii. Increased demand for price, quality, transparency, and performance reimbursements; and
 - iv. Insufficient diversity in the workforce, challenges with locating, attracting and retaining staff, and inadequate resources to attract new talent.
 - b. Opportunity to partner with primary healthcare providers to develop integrated systems of care that address both the mental health and substance use disorder treatment and physical healthcare needs of the patient.
 - c. Opportunity to continue leveraging telehealth options which have shown an improvement in our provider's no show rates thus enhancing revenues.
 - d. Sustainability of the current provider system (e.g. network of providers) in light of changing reimbursement structures and the introduction to more for profit providers in the region.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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3. The ADAMH Board envisions the community will be impacted by the following challenges and opportunities:
- a. COVID 19 still is impacting our community.
 - i. CDC guidelines impact our behavioral health care providers' ability to utilize their entire facility thus impacting access to care.
 - ii. Social distancing and large gathering restrictions limit the ability of providers to offer services in group settings.
 - iii. Families are struggling with the financial implications from the extended nature of the pandemic despite federal relief in the form of direct payments, rent/housing/utility assistance, unemployment benefits and other assistance.
 - iv. Long term impact on real estate market will result in further housing pressures, particularly for low income individuals as housing prices skyrocket.
 - b. Racism as a public health crisis. ADAMH as well as city and county leadership have recognized that racism is a public health crisis where inequities need to be corrected. The community is in the midst of identifying emerging priorities which may expand the need for funding, yet no source of funding has been identified.
 - c. Changing community expectations for priority prevention and treatment services that will be available within the new business environment:
 - i. Integration of new models of prevention services into diverse learning environments;
 - ii. New requirements for school-based civic service or service leadership may create opportunities for community organizations;
 - iii. Increase of violence, crime, and deteriorating conditions in certain communities threaten the health, safety and stability of citizens (particularly youth);
 - iv. Integration of new models of treatment services that incorporate peer supported environments;
 - v. Faith institutions are being sought by residents seeking a wide range of services (e.g. food, shelter, counseling, youth programs and safety).
 - d. Increased poverty—more people are in more extreme poverty.
 - e. Increased expectations among all funders for systems to collaborate.
 - f. Continued population growth in the region driving up needs and costs for housing along with general need for healthcare and behavioral healthcare services.

4. Levy Revenues

The ADAMH Board's current levy is based on a 2.2 mill 5-year renewal plus a new 0.65 mill levy passed by Franklin County voters in 2020. Revenue collections for each year of the past levy cycle are listed in the table below.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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DESCRIPTION	2017	2018	2019	2020	2021
REAL ESTATE TAX	\$53,163,794	\$54,013,811	\$54,275,015	\$55,187,783	\$55,903,831
PERSONAL PROPERTY TAX	\$73	\$1,820	\$5,238	\$49	\$0
HOUSE TRAILER TAX	\$20,573	\$19,788	\$21,581	\$22,788	\$21,256
STATE REIMB-REAL ESTATE TAXES	\$5,787,460	\$5,658,026	\$5,651,842	\$5,672,171	\$5,560,801
STATE REIMB-MAN HOMES	\$10,718	\$9,021	\$9,682	\$6,047	\$11,860
TOTALS	\$58,982,618	\$59,702,465	\$59,963,358	\$60,888,837	\$61,497,748

On November 3, 2020, Franklin County voters approved a 2.2 mill 5-year renewal with an additional 0.65 mills for the ADAMH Board. Collection of the new levy cycle began in 2022 with projected annual revenues of \$87.1 million.

5. Insurance Reform

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

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

The expansion of Medicaid roles during the COVID-19 pandemic also has had an impact on the number of persons covered by Medicaid, therefore reducing the obligations of the ADAMH Board to pay for services for Franklin County residents. This process will begin to reverse itself in 2022 as states are required by the federal government to "unwind" the pandemic expansion of the Medicaid rolls.

The State of Ohio selected six health care organizations in April 2021 to lead the evolution of managed care services. These six organizations will begin covering patients in 2022. This "Next Generation" of plans will focus on improving health outcomes, emphasize personalized care, improve care coordination of patients with complex needs, support providers with standardized processes and policies, and lastly increase program transparency and accountability. While the intentions of Ohio Department of Medicaid should lead to improved care for those covered, ADAMH Board expects some of our providers to be challenged with the change and to have some financial challenges.

6. Crisis Care

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

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021
(UNAUDITED)

As a result, the current system is no longer meeting the needs of the community.

ADAMH partnered with community stakeholders who developed recommendations intended to enhance the continuum of crisis care for adults in Franklin County. The cornerstone of this continuum has been identified as a new crisis stabilization center to serve as the central and preferred destination for adults in Franklin County with mental health and addiction crisis needs. The center shall offer a no wrong door philosophy to ensure anyone who arrives at the center receives services. This new resource is intended to benefit everyone from individuals in crisis and their families to the overcrowded hospitals and first responders currently stretched to their limits.

The development of initial recommendations for the enhancements to Franklin County's continuum of crisis care, including recommendations for programming at the new crisis center, was led by a community steering committee co-chaired by ADAMH. The steering committee formed multiple strategic workgroups which were seated with representative voices from across the community including various community providers, hospitals, first responders, advocacy organizations, and individuals and families with lived experiences in local systems of care.

The work to develop recommendations for ADAMH to consider was driven by a shared vision of quality crisis care. Specifically with respect to the new crisis stabilization center, the steering committee and ADAMH assured planning efforts focused on a safe and secure center with the capacity to serve anyone at any time; programming with a full array of services to support individuals with both mental health and substance use disorders as well as a range of co-existing medical issues; integrating peer support into all levels of care; and programming to facilitate 'warm handoffs' to appropriate community-based care before individuals are discharged. In 2021, ADAMH selected the operator that will provide clinical services in the center. We expect the center to be constructed and start delivering care in 2024.

ADAMH also leveraged stakeholder experiences in the pre-crisis center level of care to help us in developing our own strategies to expand mobile response teams and comprehensive call center. Demand for these services have been highlighted in the the City of Columbus Reimagining Public Safety initiative.

As a result of our these crisis care initiatives, ADAMH expects our funding to meet the demand for services. Our growth in funding will be driven by our capital investment in the FCMHACC, the shift of patients from the adult serving hospital EDs, and growth of mobile response teams. Several significant factors are unknown. If the selected operator is able to be deemed a Qualified Entity by Ohio Department of Medicaid, then we may see an improvement in number of patients enrolled and covered by Medicaid thus reducing ADAMH's obligation to fund. The Ohio Department of Mental Health and Addiction Services is pursuing funding alternatives for regional call centers which may also reduce ADAMH's obligation to fund this portion of the crisis continuum. ADAMH expects to gain clarity on impacts over the next several years.

CONTACTING THE ADAMH BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide an overview of the ADAMH Board's finances and its accountability for the money it receives. If you have questions about this report or need additional financial information, contact Patrick McLean, Chief Financial Officer, Alcohol, Drug and Mental Health Board of Franklin County, 447 East Broad Street, Columbus, Ohio 43215-3822, phone number 614-222-3791.

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

**STATEMENT OF NET POSITION
December 31, 2021**

		Governmental Activities
ASSETS		
Equity with County Treasurer	\$	67,382,801
Accounts receivable		566,523
Due from other governments		15,527,014
Property taxes receivable		56,343,000
Net OPEB asset		451,385
Capital assets, net of accumulated depreciation:		
Nondepreciable		1,486,111
Depreciable		1,326,817
		143,083,651
DEFERRED OUTFLOWS OF RESOURCES		
Pension		775,906
OPEB		322,389
		1,098,295
LIABILITIES		
Accrued wages		196,306
Accounts payable		6,448,390
Long-term liabilities:		
Due within one year		296,657
Due in more than one year:		
Net pension liability		3,833,324
Other amounts due in more than one year		10,516,762
		21,291,439
DEFERRED INFLOWS OF RESOURCES		
Property Tax		56,685,000
Pension		1,786,744
OPEB		1,442,714
		59,914,458
NET POSITION		
Net investment in Capital Assets		2,025,390
Restricted for:		
Health Services		21,884,567
Capital Projects		13,887,000
Unrestricted		25,179,092
		62,976,049
Total net position	\$	62,976,049

See accompanying notes to the basic financial statements.

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

**STATEMENT OF ACTIVITIES
For the year ended December 31, 2021**

	Program Revenues			Net (Expense) □ Revenue and Change In Net Assets
Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	
Governmental Activities:				
Health Services	\$ 96,332,545	\$ 39,470,849	\$ 11,000,000	\$ (45,861,696)
General Government	4,920,814	-	-	(4,920,814)
Total Governmental Activities	\$ 101,253,359	\$ 39,470,849	\$ 11,000,000	\$ (50,782,510)
General Revenues:				
Property taxes - General Purpose				56,367,087
Grants and Entitlements Not □ Restricted to Specific Programs				5,048,094
Other unrestricted revenues				1,630
Total general revenues				61,416,811
Change in Net Position				10,634,301
Net position - beginning				52,341,748
Net position - ending				\$ 62,976,049

See accompanying notes to the basic financial statements.

ALCOHOL, DRUG AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY □
FRANKLIN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	General Fund	State Fund	Federal Fund	Crisis Center Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Equity with County Treasurer	\$ 32,440,460	\$ 8,802,123	\$ 2,200,904	\$ 23,169,129	\$ 770,185	\$ 67,382,801
Accounts receivable	566,523	-	-	-	-	566,523
Due from other Governments	2,935,000	3,564,189	8,456,627	-	571,198	15,527,014
Property taxes receivable	56,343,000	-	-	-	-	56,343,000
Total assets	\$ 92,284,983	\$ 12,366,312	\$ 10,657,531	\$ 23,169,129	\$ 1,341,383	\$ 139,819,338
LIABILITIES						
Accrued wages	\$ 196,306	\$ -	\$ -	\$ -	\$ -	\$ 196,306
Accounts payable	3,898,064	1,116,914	1,204,373	69,667	159,372	6,448,390
Total liabilities	4,094,370	1,116,914	1,204,373	69,667	159,372	6,644,696
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	3,768,000	3,526,689	7,727,660	-	571,198	15,593,547
Property tax	56,685,000	-	-	-	-	56,685,000
Total deferred inflows of resources	60,453,000	3,526,689	7,727,660	-	571,198	72,278,547
FUND BALANCE						
Restricted - Health Services	-	7,722,709	1,725,498	-	610,813	10,059,020
Restricted - Capital Projects	-	-	-	23,099,462	-	23,099,462
Unassigned	27,737,613	-	-	-	-	27,737,613
Total fund balances	27,737,613	7,722,709	1,725,498	23,099,462	610,813	60,896,095
Total liabilities, deferred inflows of resources, and fund balances	\$ 92,284,983	\$ 12,366,312	\$ 10,657,531	\$ 23,169,129	\$ 1,341,383	\$ 139,819,338

See accompanying notes to the basic financial statements.

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

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

For the year ended December 31, 2021

Total Governmental Fund Balances		\$60,896,095
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,812,928
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		15,593,547
Long-term liabilities, including compensated absences and construction loans, are not due and payable in the current period and therefore are not reported in the funds:		<u>(10,813,419)</u>
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
	Deferred Outflows - Pension and OPEB	1,098,295
	Deferred Inflows - Pension and OPEB	(3,229,458)
	Net Pension Liability	(3,833,324)
	Net OPEB Asset	<u>451,385</u>
		<u>(5,513,102)</u>
Net Position of Governmental Activities		<u><u>\$62,976,049</u></u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the year ended December 31, 2021

	General Fund	State Fund	Federal Fund	Crisis Center Fund	Other Government Funds	Total Governmental Funds
REVENUES						
Property taxes	\$ 57,161,087	\$ -	\$ -	\$ -	\$ -	\$ 57,161,087
Intergovernmental	6,735,792	18,015,807	12,472,867	3,000,000	960,143	41,184,609
Private Grant	-	-	-	8,000,000	2,820,733	10,820,733
Other	1,630	-	-	-	-	1,630
Total revenues	<u>63,898,509</u>	<u>18,015,807</u>	<u>12,472,867</u>	<u>11,000,000</u>	<u>3,780,876</u>	<u>109,168,059</u>
Expenditures						
Current Operations						
Health Services	64,381,432	15,140,676	13,011,169	-	3,799,268	96,332,545
General government	8,168,782	-	-	-	-	8,168,782
Capital Outlay	-	-	-	787,538	-	787,538
Total expenditures	<u>72,550,214</u>	<u>15,140,676</u>	<u>13,011,169</u>	<u>787,538</u>	<u>3,799,268</u>	<u>105,288,865</u>
Excess of revenues over (under) expenditures	(8,651,705)	2,875,131	(538,302)	10,212,462	(18,392)	3,879,194
OTHER FINANCING SOURCES (USES)						
County Loan	-	-	-	10,000,000	-	10,000,000
Transfers in	-	-	-	2,887,000	-	2,887,000
Transfers out	(2,887,000)	-	-	-	-	(2,887,000)
Total other financing sources (uses)	<u>(2,887,000)</u>	<u>-</u>	<u>-</u>	<u>12,887,000</u>	<u>-</u>	<u>10,000,000</u>
Net change in fund balances	(11,538,705)	2,875,131	(538,302)	23,099,462	(18,392)	13,879,194
Fund balances-beginning	<u>39,276,318</u>	<u>4,847,578</u>	<u>2,263,800</u>	<u>-</u>	<u>629,205</u>	<u>47,016,901</u>
Fund balances-ending	<u>\$ 27,737,613</u>	<u>\$ 7,722,709</u>	<u>\$ 1,725,498</u>	<u>\$ 23,099,462</u>	<u>\$ 610,813</u>	<u>\$ 60,896,095</u>

See accompanying notes to the basic financial statements

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended December 31, 2021**

Net Change in Fund Balances - Total Governmental Funds **\$13,879,194**

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

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

	Capital Outlay	787,538	
	Depreciation Expense	<u>(57,752)</u>	729,786

Governmental funds report Other Financing Uses - County Loan as a receipt. However, in the Statement of Activities, this loan is reported as a liability. (10,000,000)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds. 2,719,601

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows. 505,663

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities. (41,644)

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB asset/liability are reported as OPEB expense in the Statement of Activities. 2,745,553

Some expenses reported in the Statement of Activities, such as compensated absences payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 96,148

Changes in Net Position of Governmental Activities **\$10,634,301**

See accompanying notes to the basic financial statements.

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES-BUDGET (NON-GAAP BASIS)
AND ACTUAL-GENERAL FUND
For the year ended December 31, 2021**

	<u>Original □ Budget</u>	<u>Final Budget</u>	<u>Budgetary □ Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Real Estate Taxes	\$ 54,244,150	\$ 54,564,902	\$ 55,925,087	\$ 1,360,185
Intergovernmental	6,877,407	6,763,067	6,987,380	224,313
Other Revenue	-	-	1,630	1,630
Total Revenue	<u>61,121,557</u>	<u>61,327,969</u>	<u>62,914,097</u>	<u>1,586,128</u>
Expenditures				
Health Services	69,638,552	69,638,552	64,286,892	5,351,660
General Government	9,411,864	9,516,755	8,119,341	1,397,414
Total expenditures	<u>79,050,416</u>	<u>79,155,307</u>	<u>72,406,233</u>	<u>6,749,074</u>
Excess (deficiency) of revenues over (under) expenditures	(17,928,859)	(17,827,338)	(9,492,136)	8,335,202
Other financing sources (uses)				
Transfers out	-	(2,887,000)	(2,887,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(2,887,000)</u>	<u>(2,887,000)</u>	<u>-</u>
Net change in fund balances	(17,928,859)	(20,714,338)	(12,379,136)	8,335,202
Fund balances - beginning	41,912,596	41,912,596	41,912,596	-
Fund balances - ending	<u>\$ 23,983,737</u>	<u>\$ 21,198,258</u>	<u>\$ 29,533,460</u>	<u>\$ 8,335,202</u>

See accompanying notes to the basic financial statements

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

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

For the year ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 7,709,964	\$ 17,459,964	\$ 19,125,725	\$ 1,665,761
Total Revenue	<u>7,709,964</u>	<u>17,459,964</u>	<u>19,125,725</u>	<u>1,665,761</u>
Expenditures				
Health Services	<u>11,553,825</u>	<u>21,303,825</u>	<u>14,610,363</u>	<u>6,693,462</u>
Total expenditures	<u>11,553,825</u>	<u>21,303,825</u>	<u>14,610,363</u>	<u>6,693,462</u>
Net change in fund balances	(3,843,861)	(3,843,861)	4,515,362	8,359,223
Fund balances - beginning	<u>4,286,761</u>	<u>4,286,761</u>	<u>4,286,761</u>	<u>-</u>
Fund balances - ending	<u>\$ 442,900</u>	<u>\$ 442,900</u>	<u>\$ 8,802,123</u>	<u>\$ 8,359,223</u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS)
AND ACTUAL-FEDERAL FUND
For the year ended December 31, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental	\$ 10,670,339	\$ 15,552,089	\$ 13,477,452	\$ (2,074,637)
Total Revenue	<u>10,670,339</u>	<u>15,552,089</u>	<u>13,477,452</u>	<u>(2,074,637)</u>
Expenditures				
Health Services	11,705,377	15,543,356	14,329,001	1,214,355
Total expenditures	<u>11,705,377</u>	<u>15,543,356</u>	<u>14,329,001</u>	<u>1,214,355</u>
Excess (deficiency) of revenues over (under)	(1,035,038)	8,733	(851,549)	(860,282)
Net change in fund balances	(1,035,038)	8,733	(851,549)	(860,282)
Fund balances - beginning	3,052,453	3,052,453	3,052,453	-
Fund balances - ending	<u>\$ 2,017,415</u>	<u>\$ 3,061,186</u>	<u>\$ 2,200,904</u>	<u>\$ (860,282)</u>

See accompanying notes to the basic financial statements

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

Statement of Changes in Fiduciary Net Position
Year Ended December 31, 2021

	<u>Custodial Funds</u>
Additions:	
Intergovernmental	115,704
Total additions	<u>\$ 115,704</u>
Deductions:	
Distributions as fiscal agent	115,704
Total deductions	<u>\$ 115,704</u>
Net increase (decrease) in fiduciary net position	-
Net position - beginning	-
Net position - ending	<u>\$ -</u>

See accompanying notes to the basic financial statements

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE 1. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

The government reports the following major governmental funds:

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

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

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

The *Crisis Center Construction Fund* is a capital projects fund used to account for the construction of a new crisis center with proceeds from governmental and charitable sources.

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

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

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

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

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

C. Fund Balance Classifications

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

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

Restricted Fund Balance—the restricted classification is used when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors,

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

contributors, or laws or regulations of other governments (i.e., State Statutes); or (b) imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

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

D. Government-wide and fund financial statements

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

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

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

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

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

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

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E. Budgetary Process

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

Estimated Resources—The certificate of estimated resources issued by the Budget Commission states the projected revenue of each fund and establishes a limit on the amount the County may appropriate. The County's total contemplated expenditures from any fund during the fiscal year cannot exceed the amount available as stated in the certificate of estimated resources. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. During the year, as actual revenues vary from the estimates, the certificate may be amended further if an estimate needs either to be increased or decreased. Such amendments were made during 2021. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate at the time the original appropriations resolution was adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during 2021.

Appropriations—The appropriations resolution is the Commissioners' authorization to spend resources. The resolution sets annual limits on expenditures plus encumbrances at the level of control selected by the Commissioners. Appropriation requests are submitted to the County's Office of Management and Budget ("OMB") by the agencies. In light of available resources and County priorities, the County Administrator and OMB develop a joint budget recommendation that is submitted to the Commissioners. Public budget hearings are held with the various elected officials and agency administrators. At the conclusion of the budget hearings, the Commissioners convene a meeting with the County Administrator and OMB to amend the recommended budget. Revisions to the original budget require a resolution signed by at least two Commissioners. Supplemental appropriations were made during 2021.

Budgeted Level of Expenditures—The Commissioners appropriate to the major object level within a fund/organizational unit. The appropriation level is the legal level of control. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation. Managerial control is maintained through building the budget at the detailed line-item level. Appropriated funds may not be expended for purposes other than those designated in the appropriation resolution without authority from the Commissioners.

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

F. Deposits and Investments

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

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Cash resources of the majority of individual funds are combined to form a pool of cash and investments managed by the County Treasurer. Interest earned on investments is accrued as earned. Under existing Ohio law, all investment earnings are assigned to the County's General Fund unless statutorily required to be credited to a specific fund. Distribution is made utilizing a formula based on the average month-end balance of cash and cash equivalents of all funds. No interest was credited to the ADAMH Board by the County Treasurer for the year ending December 31, 2021.

G. Receivables

Property taxes include amounts levied against all real, public utility and tangible personal property located in the County. Property tax revenue received during 2021 for real and public utility property taxes represents collection of 2020 taxes. Property tax payments received during 2021 for tangible personal property (other than public utility property) are for 2021 taxes.

2021 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by state law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021. The total assessed value upon which the 2021 tax collection was based was \$35.1 billion. The full tax rate applied to real property for ADAMH was \$2.20 per \$1,000 of assessed valuation.

Public utility taxes are assessed not only on land and improvements, but also on tangible personal property at true value, which is a percentage of cost. Percentages vary according to the type of utility. The total assessed value upon which the 2021 tax collection was based on \$1.4 billion dollars.

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

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

"Property taxes receivable" represents delinquent real and public utility taxes outstanding as of the last settlement (net of allowances for uncollectible amounts) and real property and public utility taxes that were measurable at year-end and for which there is an enforceable legal claim. In the fund financial statements, the majority of the receivable is offset by deferred inflows, property tax since the taxes were not levied to finance 2021 operations. In the full accrual-basis government-wide financial statements, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred inflows, property tax.

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

H. Capital Assets and Depreciation

Capital assets, which include land, buildings, and improvements and machinery and equipment are reported in the government-wide Statement of Net Position. Capital assets are defined by the ADAMH Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life exceeding

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one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

I. Compensated Absences

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

The criteria for determining vacation and sick leave liabilities are based on the ADAMH Board’s policies for employee benefits. In general, vacation and sick leave are accumulated based on hours worked. Vacation pay is fully vested after the learning and training period, generally six months. By Ohio law, accumulated vacation cannot exceed three times the annual accumulation rate for an employee. The limit for accumulated sick leave is 2,880 hours per employee. Employees who have completed the required learning and training period may receive payment of sick leave accrued upon termination according to the following schedule: 50% of any sick leave balance remaining from the designated “legacy” balance as of November 7, 2021 plus (1) 25% of sick leave balances beyond the “legacy” balance for employees with 8-18 years of service or (2) 50% of sick leave balances beyond the “legacy” balance for employees with more than 18 years of service. All payments are made at the employee’s current wage rate.

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

J. Accrued Liabilities and Long-Term Obligations

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

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

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K. Pensions

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

L. Fund Balance

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

M. Estimates

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

N. Net Position

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

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the ADAMH Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2021.

P. COVID-19

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

ADAMH sought reimbursement of COVID-19 related expenses (both administrative and on behalf of our network of providers).

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

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

Permit providers to utilize telehealth/telemedicine where appropriate.

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

NOTE 2. – BUDGETARY BASIS OF ACCOUNTING

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

(Deficiency) of Revenues (Under) Expenditures

	<u>General Fund</u>	<u>State Fund</u>	<u>Federal Fund</u>
Non-GAAP Budgetary Basis	(\$12,379,136)	\$4,515,362	(\$851,549)
Basis Difference			
Net Adjustment for Revenue Accruals	984,412	(1,109,918)	(1,004,585)
Net Adjustment for Expenditure Accruals	<u>(143,981)</u>	<u>(530,313)</u>	<u>1,317,832</u>
GAAP Basis	<u>(\$11,538,705)</u>	<u>\$2,875,131</u>	<u>(\$538,302)</u>

NOTE 3. – CHANGE IN ACCOUNTING PRINCIPLE

During the year, the County adopted the GASB Statements listed below.

Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources and outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

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- The effective date of Statement No.87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 87, Fiduciary Activities, to postemployment benefit arrangements n Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

The adoption of these Statements had no impact on ADAMH's financial statements.

Other pronouncements (listed below) have been issued by the GASB. The County intends to adopt these pronouncements at the required time. The County has not determined the effect that adoption of these statements will have on its financial statements.

- GASB Statement No. 91, Conduit Debt Obligations - effective for fiscal years beginning after December 15, 2021.
- GASB Statement No. 93 Replacement of Interbank Offered Rates — effective primarily for reporting periods beginning after December 31, 2021.
- GASB Statement No. 94 Public-Private and Public-Public Partnerships and Availability Payment Arrangements — effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 96 Subscription-Based Information Technology Arrangements — effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 97 Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans — An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32 — effective primarily for fiscal periods beginning after June 15, 2021.

NOTE 4. – CAPITAL ASSETS

Governmental capital asset activity for the year ended December 31, 2021, was as follows:

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GOVERNMENTAL CAPITAL ASSETS					
For the year ended December 31, 2021					
Description	Beginning				Ending
Capital Assets not being depreciated:	Balance	Additions	Deletions	Balance	
Land	\$ 698,573	\$ -	\$ -	\$ 698,573	
Construction in Progress	\$ -	\$ 787,538	\$ -	\$ 787,538	
Total Capital Assets not being depreciated	\$ 698,573	\$ 787,538	\$ -	\$ 1,486,111	
Capital assets, being depreciated:					
Buildings and improvements	\$ 3,233,224	\$ -	\$ -	\$ 3,233,224	
Machinery & Equipment	\$ 286,898	\$ -	\$ (209,119)	\$ 77,779	
Total Capital Assets being depreciated	\$ 3,520,122	\$ -	\$ (209,119)	\$ 3,311,003	
Less accumulated depreciation for:					
Buildings and improvements	\$ (1,890,994)	\$ (43,802)	\$ -	\$ (1,934,796)	
Machinery & Equipment	\$ (244,559)	\$ (13,950)	\$ 209,119	\$ (49,390)	
Total	\$ (2,135,553)	\$ (57,752)	\$ 209,119	\$ (1,984,186)	
Total capital assets net	\$ 2,083,142	\$ 729,786	\$ -	\$ 2,812,928	

Expenses

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

NOTE 5. – LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2021, was as follows:

	2021			Ending	Due In One
	Beginning	Additions	Reductions	Balance	Year
	Balance	Additions	Reductions	Balance	Year
Compensated Absences	\$ 909,568	\$ 231,703	\$ (327,851)	\$ 813,419	\$ 296,657
County Loan	\$ -	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -

Compensated Absences

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

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

By Ohio law, employees accumulated vacation cannot exceed three times the accumulated rate. The limit for accumulated sick leave is 2,880 hours per employee. Employees, upon separation from the ADAMH Board, who have completed the learning and training period, generally after six months of service, will receive payment for sick leave accrued according to the following schedule: 50% of any sick leave balance remaining from the designated "legacy" balance as of November 7, 2021 plus (1) 25% of sick leave balances beyond the "legacy" balance for employees with 8-18 years of service or (2) 50% of sick leave balances beyond the "legacy" balance for employees with more than 18 years of service. . All payments are made at the employee's current wage rate.

New Issue

March 2021 – Interfund loan from the Franklin County Board of Commissioners (\$10 million)

On March 30, 2021 the Franklin County Board of Commissioners authorized Resolution 0236-21, which established an interfund loan for the construction of the Franklin County Mental Health and Addiction Crisis Center (the Crisis Center). The loan is specified to be repaid by December 31, 2031 with an interest rate of 0.0%.

NOTE 6. – RISK MANAGEMENT

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

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

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

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NOTE 7. – CONTINGENT LIABILITIES

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

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

NOTE 8. – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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	State and Local
2021 Statutory Maximum Contribution Rates	
Employer	14.00%
Employee	10.00%
 2021 Actual Contribution Rates	
Employer:	
Pension	14.00%
Post-employment Health Care Benefits	0.00%
 Total Employer	 14.0%
 Employee	 10.0%

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

The ADAMH Board's contractually required contribution was \$505,663 for 2021.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The ADAMH Board's proportion of the net pension liability was based on the ADAMH Board's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.02588715%
Prior Measurement Date	0.02392453%
 Change in Proportionate Share	 0.00196262%
 Proportionate Share of the Net Pension Liability	 \$3,833,324
 Pension Expense	 \$41,644

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At December 31, 2021, the ADAMH Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$0
Changes of assumptions	0
Net difference between projected and actual earnings on pension plan investments	0
Changes in proportion and differences between Board contributions and proportionate share of contributions	270,243
Board contributions subsequent to the measurement date	505,663
Total Deferred Outflows of Resources	\$775,906
 Deferred Inflows of Resources	
Differences between expected and actual experience	\$160,351
Net difference between projected and actual earnings on pension plan investments	1,494,120
Changes in proportionate share and differences between Board contributions and proportionate share of contributions	132,273
Total Deferred Inflows of Resources	\$1,786,744

\$505,663 reported as deferred outflows of resources related to pension resulting from the ADAMH Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	OPERS
Year Ending December 31:	
2022	(\$583,750)
2023	(119,921)
2024	(609,055)
2025	(203,775)
2026	0
Total	(\$1,516,501)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented below. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation		3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25 percent	
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)		3 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	0.5 percent simple through 2021, 2.15 percent simple, thereafter	
Investment Rate of Return		7.2 percent
Actuarial Cost Method		Individual Entry Age

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

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

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using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	25.00%	1.32%
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00%	5.43%

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

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

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

	1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Board's proportionate share of the net pension liability	\$7,312,084	\$3,833,324	\$940,739

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NOTE 9. – DEFINED BENEFIT OPEB PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) is a cost-sharing, multiple-employer public employee retirement system comprising three separate pension plans. The Traditional Pension Plan is a defined benefit pension plan. The Member-Directed Plan is a defined contribution plan. The Combined Plan is a combination defined benefit/defined contribution. While members (e.g. the ADAMH Board employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS traditional plan; therefore, the following disclosure focuses on the traditional pension plan..

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, 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. The portion of employer contributions allocated to health care for members in the traditional plan and combined plan was 0.0 percent during calendar year 2021. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2022 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution

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as a percentage of covered payroll deposited into the RMA for participants in the 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 ADAMH Board had no contractually required contribution for 2021.

OPEB Liability/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset and total OPEB liability/asset for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year for the defined health care plans. ADAMH's proportion of the net OPEB liability/asset was based on ADAMH's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.02533635%
Prior Measurement Date	0.02415339%
Change in Proportionate Share	<u>0.00118296%</u>
Proportionate Share of the Net OPEB Asset	\$451,385
OPEB Expense	(2,745,553)

At December 31, 2021, the ADAMH Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$0
Changes of assumptions	221,908
Net difference between projected and actual earnings on pension plan investments	0
Changes in proportion and differences between Board contributions and proportionate share of contributions	100,481
Board contributions subsequent to the measurement date	0
Total Deferred Outflows of Resources	<u>\$322,389</u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$407,373
Net difference between projected and actual earnings on pension plan investments	240,416
Changes of assumptions	731,382
Changes in proportionate share and differences between Board contributions and proportionate share of contributions	63,543
Total Deferred Inflows of Resources	<u>\$1,442,714</u>

\$0.00 reported as deferred outflows of resources related to OPEB resulting from the ADAMH Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2022	(\$605,993)
2023	(381,527)
2024	(104,475)
2025	(28,330)
2026	0
Total	<u>(\$1,120,325)</u>

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Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the system and plan members. The total OPEB liability/asset was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

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

Single Discount Rate	6.0 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.0 percent
Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25 percent
Health Care Cost Trend Rate	8.5 percent initial, 3.5 percent ultimate in 2035
Experience Study	5-year period ended December 31, 2015
Actuarial Cost Method	Individual entry age

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

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

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

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Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00%	1.07%
Domestic Equities	25.00	5.64
REITs	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00%	4.43%

Discount Rate

A single discount rate of 6.0 percent was used to measure the net OPEB liability/asset on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.0 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the ADAMH Board's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount Rate

The following table presents the ADAMH Board's proportionate share of the net OPEB liability/asset calculated using the single discount rate of 6.0 percent, as well as the ADAMH Board's proportionate share of the expected net OPEB liability/asset if it were calculated using a discount rate that is one-percentage-point lower (5.0 percent) or one-percentage-point higher (7.0 percent) than the current rate:

	1% Decrease (5.0%)	Current Discount Rate (6.0%)	1% Increase (7.0%)
ADAMH Board's proportionate share of the net OPEB asset	\$112,240	\$451,385	\$730,194

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Sensitivity of the ADAMH Board's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability/asset. The following table presents ADAMH's proportionate share of the net OPEB liability/asset calculated using the assumed trend rates, and the expected net OPEB liability/asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
ADAMH Board's proportionate share of the net OPEB asset	\$462,388	\$451,385	\$439,079

Retiree health care valuations use a health care cost-trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.5 percent in the most recent valuation.

NOTE 10. – RELATED PARTY TRANSACTIONS

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

NOTE 11. – TAX ABATEMENTS

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

Community Reinvestment Area (CRA) Program

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

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

Enterprise Zone Program

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

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

Environmental Protection Agency (EPA) Program

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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A summary of the ADAMH property taxes foregone by the County for abatement programs within the County for the year ended December 31, 2021 follows:

<u>Program</u>	<u>Amount</u>
Community Reinvestment Areas	\$2,579,517
Enterprise Zones	180,522
EPA	53,598
	<u>\$2,813,637</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
ADAMH Board's Proportion of the Net Pension Liability	0.02589%	0.02392%	0.02674%	0.02607%
ADAMH Board's Proportionate Share of the Net Pension Liability	\$3,833,324	\$4,728,847	\$7,322,406	\$4,089,360
ADAMH Board's Covered Payroll	\$3,610,279	\$3,572,407	\$3,565,893	\$3,393,677
ADAMH Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.18%	132.37%	205.35%	120.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.20%	74.70%	84.66%

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

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.02560%	0.02722%	0.02698%	0.02698%
\$5,813,368	\$4,713,997	\$3,254,579	\$3,181,069
\$3,507,700	\$3,358,092	\$3,294,875	\$3,297,746
165.73%	140.38%	98.78%	96.46%
77.25%	81.10%	86.45%	86.36%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$505,663	\$505,439	\$500,137	\$499,225
Contributions in Relation to the Contractually Required Contribution	<u>505,663</u>	<u>505,439</u>	<u>500,137</u>	<u>499,225</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ADAMH Board's Covered Payroll	\$3,611,879	\$3,610,279	\$3,572,407	\$3,565,893
Contributions as a Percentage of Covered Payroll	14.0%	14.0%	14.0%	14.0%

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$441,178	\$420,924	\$402,971	\$395,385	\$428,707
<u>441,178</u>	<u>420,924</u>	<u>402,971</u>	<u>395,385</u>	<u>428,707</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,393,677	\$3,507,700	\$3,358,092	\$3,294,875	\$3,297,746
13.0%	12.0%	12.0%	12.0%	13.0%

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

	2021	2020	2019	2018	2017
ADAMH Board's Proportion of the Net OPEB Liability	0.02533635%	0.02415339%	0.02621266%	0.02555303%	0.02541661%
ADAMH Board's Proportionate Share of the Net OPEB Liability (Asset)	(\$451,385)	\$3,336,211	\$3,417,512	\$2,774,870	\$2,567,164
ADAMH Board's Covered Payroll	\$3,610,279	\$3,572,407	\$3,565,893	\$3,393,677	\$3,507,700
ADAMH Board's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-12.5%	93.4%	95.8%	81.8%	73.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.57%	47.80%	46.33%	54.14%	54.50%

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

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

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

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

	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$0	\$0	\$0	\$0	\$33,937	\$70,154
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	33,937	70,154
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ADAMH Board's Covered Payroll	\$3,611,879	\$3,610,279	\$3,572,407	\$3,565,893	\$3,393,677	\$3,507,700
Contributions as a Percentage of Covered Payroll	0.0%	0.0%	0.0%	0.0%	1.0%	2.0%

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

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

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL AL NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	DISBURSEMENTS PASSED THROUGH TO SUBRECIPIENTS	DISBURSEMENTS
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION				
<i>Passed Through Ohio Department of Mental Health and Addiction Services (OMHAS)</i>				
Projects for Assistance in Transition from Homelessness (PATH)	93.150	2100391	247,135	247,135
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1700528	157,303	157,303
	93.150 Total		<u>404,438</u>	<u>404,438</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	247,737	247,737
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	N/A	33,884	33,884
	93.243 Total		<u>281,621</u>	<u>281,621</u>
Social Services Block Grant	93.667	N/A	1	1
Social Services Block Grant	93.667	N/A	585,429	585,429
Social Services Block Grant	93.667	N/A	199,778	199,778
	93.667 Total		<u>785,208</u>	<u>785,208</u>
Opioid STR	93.788	2100644 Direct	500,000	500,000
Opioid STR	93.788	2100438 Direct	190,988	190,988
Opioid STR	93.788	2100758 Direct	1,837,483	1,837,483
Opioid STR	93.788	2200487 Direct	10,000	10,000
Opioid STR	93.788	2100481 Direct	756,232	756,232
Opioid STR	93.788	N/A	375,000	375,000
	93.788 Total		<u>3,669,703</u>	<u>3,669,703</u>
Block Grants for Community Mental Health Services	93.958	N/A	163,218	163,218
Block Grants for Community Mental Health Services	93.958	N/A	459,950	459,950
Block Grants for Community Mental Health Services	93.958	N/A	1,100	1,100
Block Grants for Community Mental Health Services	93.958	N/A	50,000	50,000
Block Grants for Community Mental Health Services	93.958	N/A	40,725	40,725
Block Grants for Community Mental Health Services	93.958	N/A	20,363	20,363
	93.958 Total		<u>735,356</u>	<u>735,356</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	743,557	743,557
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	1,654,959	1,654,959
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	715,130	715,130
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	83,035	83,035
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	605,895	605,895
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	326,659	326,659
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2000269 Pass-Thru	55,442	55,442
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	101,890	101,890
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2100017 Pass-Thru	13,303	13,303
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2200124	8,869	8,869
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2100050 Pass-Thru	503,407	503,407
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2200157	223,670	223,670
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2100021 Pass-Thru	50,837	50,837
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2100048 Pass-Thru	39,725	39,725
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2200155	34,050	34,050
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2100057 Pass-Thru	98,777	98,777
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2100016 Pass-Thru	218,416	218,416
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2200123	145,618	145,618
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2100164 Pass-Thru	37,677	37,677
Block Grants for Prevention and Treatment of Substance Abuse	93.959	N/A	35,212	35,212
	93.959 Total		<u>5,696,128</u>	<u>5,696,128</u>
Mental Health Disaster Assistance and Emergency Mental Health	93.982	2100704	919,169	919,169
	93.982 Total		<u>919,169</u>	<u>919,169</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION - FEDERAL AWARDS			12,491,623	12,491,623
HOMELAND SECURITY				
Crisis Counseling	97.032	N/A	(400)	(400)

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL AL NUMBER	PASS THROUGH ENTITY IDENTIFYING NUMBER	DISBURSEMENTS PASSED THROUGH TO SUBRECIPIENTS	DISBURSEMENTS
Crisis Counseling	97.032	4507DROHISCC	10,769	10,769
	97.032 Total		10,369	10,369
TOTAL HOMELAND SECURITY FEDERAL AWARDS			10,369	10,369
DEPARTMENT OF JUSTICE				
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	202,501	202,501
	16.745 Total		202,501	202,501
TOTAL DEPARTMENT OF JUSTICE FEDERAL AWARDS:			202,501	202,501
US DEPARTMENT OF THE TREASURY:				
Coronavirus Relief Fund	21.019	N/A	-	1,624,500
	21.019 Total		-	1,624,500
TOTAL US DEPARTMENT OF THE TREASURY:			-	1,624,500
TOTAL FEDERAL AWARDS			12,704,493	14,328,993

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Alcohol, Drug and Mental Health Board of Franklin County (the ADAMH Board) under programs of the federal government for the year ended December 31, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the ADAMH Board, it is not intended to and does not present the financial position or changes in net position of the ADAMH Board.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The ADAMH Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

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

As a subrecipient, the ADAMH Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D - MATCHING REQUIREMENTS

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

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OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States 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, each major fund, and the aggregate remaining fund information of the Alcohol, Drug and Mental Health Board of Franklin County, Franklin County, (the ADAMH Board), a blended component unit presented as a major special revenue fund of Franklin County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the ADAMH Board's basic financial statements and have issued our report thereon dated June 22, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the ADAMH Board.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the ADAMH Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ADAMH Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the ADAMH 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 ADAMH 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 ADAMH 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 ADAMH 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 ADAMH Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 22, 2022

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Trustees:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Alcohol, Drug and Mental Health Board of Franklin County's (the ADAMH Board), a blended component unit presented as a major special revenue fund of Franklin County, Ohio, compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Alcohol, Drug and Mental Health Board of Franklin County's major federal programs for the year ended December 31, 2021. The ADAMH Board's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Alcohol, Drug and Mental Health Board of Franklin County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

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 ADAMH 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 each major federal program. Our audit does not provide a legal determination of the ADAMH Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The ADAMH Board's 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 ADAMH Board's federal programs.

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 ADAMH 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 ADAMH Board's compliance with the requirements of each 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 ADAMH 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 ADAMH 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 ADAMH 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 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 *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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

June 22, 2022

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	AL # 93.667 - Social Services Block Grant AL # 93.788 – Opioid STR AL # 93.982 – Mental Health Disaster Assistance and Emergency Mental Health AL # 21.019—Coronavirus Relief Fund
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



**ALCOHOL, DRUG ADDICTION AND MENTAL HEALTH BOARD OF FRANKLIN COUNTY
FRANKLIN 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 6/30/2022

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov