



OHIO AUDITOR OF STATE
KEITH FABER



**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY
DECEMBER 31, 2022 AND DECEMBER 31, 2021**

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DELAWARE COUNTY
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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Delaware County Family and Children First Council
Delaware County
145 N. Union St., Second Floor
Delaware, Ohio 43015

To the Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Delaware County Family and Children First Council, Delaware County, Ohio (Council), as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, which collectively comprise the Council'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 and each major fund of the Delaware County Family and Children First Council, Delaware County, Ohio as of December 31, 2022 and December 31, 2021, and the respective changes in financial position thereof for the years 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 Council, 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 Matters

As discussed in Note 3 to the financial statements, during 2021, the Council elected to change the presentation of the financial statements to be reported in accordance with accounting principles generally accepted in the United States of America (Generally Accepted Accounting Principles – GAAP). Our opinion was not modified with respect to this matter.

As discussed in Note 13 to the financial statements, during 2021 and 2022, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. Our opinion was not modified with respect to this matter.

Efficient • Effective • Transparent

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 Council'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 Council'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 Council'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, required budgetary comparison schedules, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2023, on our consideration of the Council'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 Council'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 Council's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

October 11, 2023

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**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

The discussion and analysis of the Delaware Family and Children First Council's, (the Council) financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Council's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for the year 2022 are as follows:

- For 2022, the total net position of FCFC decreased \$315,241, which represents a 64.57 percent decrease from December 31, 2021.
- Intergovernmental receipts accounted for 89.75 percent of the Council's revenue, 9.9 percent consisted of local contributions, and 0.35 represented other revenue. These revenues were used to cover salaries and benefits for employees.
- The Council had \$118,258 in expenses related to general governmental activities and \$1,742,885 related to social service expenditures.
- During 2022, the Council saw a decrease of 77.70 percent in federal and 56.53 increase in state funding to focusing on supporting social service programs.

Using this Annual Financial Report

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 Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the Council as a whole, presenting both an aggregate view of the Council's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending.

Reporting the Council as a Whole

This document contains great detailed information about the activities of the Council did financially as a whole during 2022. The Statement of Net Position and the Statement of Activities provides the detailed information. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the Council's net position and changes in net position. This change in net position is important because it communicates to the reader if the overall Council's financial position has improved or diminished. However, in evaluating the overall position of the Council, nonfinancial information such as the reliance on certain resources for the operations and the need for continued growth will also need to be evaluated.

Reporting the Council's Most Significant Funds Fund Financial Statements

Fund financial reports provide detailed information about the Council's major funds. The Council utilizes separate funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Council's most significant funds. The Council's major governmental funds are the General Fund, System of Care, Help Me Grow, and Flexible Funding Pool.

**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term view of the Council's governmental operations and the basic services. This information may be useful in evaluating a government's near-term financing requirements.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Council's net pension/OPEB liabilities.

The Council as a Whole

Table 1 provides a summary of the Council's net position at December 31, 2022. A comparative analysis is presented below:

**Table 1
Statement of Net Position**

	<u>2022</u>	<u>2021</u>
Assets		
Cash and Equivalents	\$570,914	\$700,992
Due from Other Governments	43,872	83,730
Net Pension Asset	2,963	1,913
Net OPEB Asset	19,577	9,474
Total Assets	<u>637,326</u>	<u>796,109</u>
Deferred Outflows of Resources		
Pension	25,538	15,453
OPEB	1,186	7,107
Total Deferred Outflows of Resources	<u>26,724</u>	<u>22,560</u>
Liabilities		
Accrued Wages	2,768	1,915
Accounts Payable	124,040	100,835
Due to Other Governments	218,772	82,224
Long-Term Liabilities		
Due within one year	3,137	83
Amounts due in more than one year	1,060	3,083
Net pension liability	54,312	78,691
Total liabilities	<u>404,089</u>	<u>266,831</u>
Deferred Inflows of Resources		
Pension	66,762	34,630
OPEB	20,226	28,994
Total Deferred Outflows of Resources	<u>86,988</u>	<u>63,624</u>
Net Position		
Restricted	482,480	567,788
Unrestricted	<u>(309,507)</u>	<u>(79,574)</u>
Total Net Position	<u>\$172,973</u>	<u>\$488,214</u>

Delaware County Family and Children First Council
Delaware County, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Council's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, net pension asset, and net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability to equal the Health District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Council is not responsible for certain key factors affecting the balance of these liabilities.

In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, state statute does not assign/identify the responsible party for the unfunded portion.

**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Council's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As indicated earlier, net position may serve over time as a useful indicator of the Council's financial position.

Long-term liabilities decreased primarily due to an decrease in the net pension liability. This liability is outside of the control of the Council. The Council contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute the pension to Council employees, not the Council. The pension liability will fluctuate annually due to a number of factors including investment returns, actuarial assumptions used, and the Council's proportionate share of net pension costs.

As a result, many end users of this financial statement will gain a clearer understanding of the Council's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability to the reported net position and subtracting deferred outflows related to pension and the net OPEB asset. Had the Council not applied the requirements of GASB 68 and GASB 75, the unrestricted net position for the governmental activities would have been as follows for 2022:

**Table 2
Net Position Change due to Implementation of GASB 68 & 75**

	Governmental Activities
	2022
Unrestricted Net Position (with GASB 68/GASB 75)	(\$309,507)
GASB 68 Calculation:	
Add - Deferred Inflows - Pension	66,762
Add - Net Pension Liability	54,312
Less - Deferred Outflows - Pension	(25,538)
Less - Net Pension Asset	(2,963)
GASB 75 Calculation:	
Add: Deferred Inflows - OPEB	20,226
Add: Net OPEB Liability	0
Less: Deferred Outflows - OPEB	(1,186)
Less - Net OPEB Asset	(19,577)
Unrestricted Net Position (without GASB 68/GASB 75)	(\$217,471)

**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

As illustrated above, removal of the unfunded liability of the pension/OPEB plans results in a significantly higher unrestricted net position. In the state of Ohio there is no legal means to enforce the unfunded liability of the pension/OPEB plan against the Council.

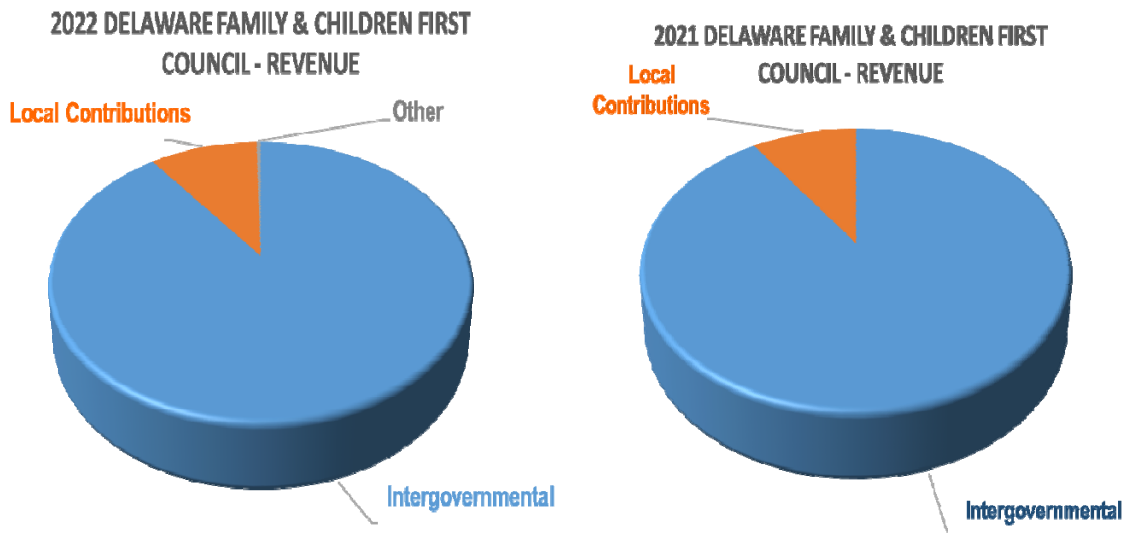
Table 3 reflects the change in net position for 2022. A comparative analysis is presented below:

**Table 3
Changes in Net Position**

	2022	2021
Revenues		
Local Contributions	\$153,000	\$150,000
Intergovernmental	1,387,510	1,433,899
Other	<u>5,392</u>	<u>0</u>
Total Revenues	<u>1,545,902</u>	<u>1,583,899</u>
Expenses		
General Government	118,258	49,598
Social Services	<u>1,742,885</u>	<u>1,502,141</u>
Total Disbursements	<u>1,861,143</u>	<u>1,551,739</u>
Change in Net Position	(315,241)	32,160
Net Position at Beginning of Year	<u>488,214</u>	<u>456,054</u>
Net Position at End of Year	<u><u>\$172,973</u></u>	<u><u>\$488,214</u></u>

Governmental Activities

In 2022, 89.75 percent of the Council's total receipts were from intergovernmental transactions, 9.9 percent consisted of local contributions, and the remaining 0.35 percent represents other revenue. The revenues were used to cover salaries and benefits for employees.



**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
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On the Statement of Activities for 2022, you will see that the first column lists the major expenses of the Council. The next column identifies the amount of these expenses. In 2022, the major program expenses for governmental activities were: General Government and Social Services which account for 6.35 and 93.65 percent of all expenses. The column of the statement entitled Operating Grants, Contributions, and Interest identify grants and contributions received by the Council that must provide a specific service. The net (expenses) revenues column compares the program revenues to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers, state subsidies and cash balances of grant and fee programs. These net costs are paid from the general revenues which are presented at the bottom of the statement.

Table 4 depicts the total cost of services and the net cost. A comparative analysis is presented below:

**Table 4
Governmental Activities**

	Total Cost of Service 2022	Net Cost of Service 2022	Total Cost of Service 2021	Net Cost of Service 2021
General Government	\$118,258	\$118,258	\$49,590	\$49,590
Social Services	1,742,885	355,375	1,502,141	70,060
	<u>\$1,861,143</u>	<u>\$473,633</u>	<u>\$1,551,731</u>	<u>\$119,650</u>

The expenses above include the net pension and net OPEB expenses. The provision adoptions of GASB 68 and 75 distort the true financial position of the Council, requiring the Council to recognize a pension/OPEB adjustment that decreased expenses by \$16,332.

As a result, it is difficult to ascertain the true operational cost of services and the change in cost of services from year to year. The chart in Table 5 shows the total cost of services and net cost of services by function with the GASB Statement 68 and 75 and OPEB costs removed.

**Table 5
Governmental Activities-GASB 68 & 75 Pension/OPEB Cost Removed**

	Total Cost of Service 2022	Net Cost of Service 2022	Total Cost of Service 2021	Net Cost of Service 2021
General Government	\$134,590	\$134,590	\$111,410	\$111,410
Social Services	1,742,885	355,375	1,502,141	70,060
	<u>\$1,877,475</u>	<u>\$489,965</u>	<u>\$1,613,551</u>	<u>\$181,470</u>

**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

The Council's Funds

Total governmental funds had revenues of \$1,534,930 and expenses of \$1,876,444.

General Fund Budgeting Highlights

The Council's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During 2022, the Council's amended its appropriations, and the budgetary statements to reflect both the original and final appropriated amounts. The general fund's actual receipts collected were \$168,750, which is a 76.24 percent increase from the final budgeted receipts. The primary cause of this increase was due to an increase in the miscellaneous revenue.

Overall, actual budgetary expenditures of \$133,265 were 3.68 percent less than the final budgetary expenditures. Expenditures remained consistent with the prior year.

Capital Assets

The Council does not have any capital assets.

Long Term Obligations

Refer to Note 6 for the Council's Long Term Obligations.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Council's finances and to reflect the Council's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Honorable George Kaitsa, Delaware County Auditor, 145 North Union Street, Delaware, Ohio 43015. Questions may also be e-mailed to auditor@co.delaware.oh.us.

Delaware County Family & Children First Council

Statement of Net Position

December 31, 2022

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$570,914
Due from Other Governments	43,872
Net Pension Asset	2,963
Net OPEB Asset	19,577
Total Assets	<u>637,326</u>
<u>Deferred Outflows of Resources</u>	
Pension	25,538
OPEB	<u>1,186</u>
Total Deferred Outflows of Resources	<u>26,724</u>
Total Assets and Deferred Outflows of Resources	<u>664,050</u>
<u>Liabilities</u>	
Accrued Wages Payable	2,768
Accounts Payable	124,040
Due to Other Governments	218,772
Due Within One Year	1,060
Due in More Than One Year	3,137
Net Pension Liability	<u>54,312</u>
Total Liabilities	<u>404,089</u>
<u>Deferred Inflows of Resources</u>	
Pension	66,762
OPEB	<u>20,226</u>
Total Deferred Inflows of Resources	<u>86,988</u>
Total Liabilities and Deferred Inflows of Resources	<u>491,077</u>
<u>Net Position</u>	
Restricted for:	
System of Care	337,266
Flexible	145,214
Unrestricted	(309,507)
Total Net Position	<u><u>\$172,973</u></u>

See accompanying notes to the basic financial statements

Delaware County Family & Children First Council
Statement of Activities
For the Year Ended December 31, 2022

	Program Revenues			Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities	
<u>Governmental Activities</u>				
Health				
General Government	\$118,258	\$0	\$0	(\$118,258)
Social Services	1,742,885	0	1,387,510	(355,375)
Total Governmental Activities	<u>\$ 1,861,143</u>	<u>\$ -</u>	<u>\$ 1,387,510</u>	<u>\$ (473,633)</u>
General Revenues				
				153,000
				5,392
			Total General Revenues	158,392
			Change in Net Position	(315,241)
			Net Position at Beginning of Year	488,214
			Net Position at End of Year	<u>\$172,973</u>

See accompanying notes to the basic financial statements

Delaware County Family and Children First Council
 Balance Sheet
Governmental Funds
 December 31, 2022

	General	System of Care	Help Me Grow	Flexible Spending Pool	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$8,266	\$445,045	\$0	\$117,603	\$570,914
Due from Other Governments	0	6,090	0	37,782	43,872
Interfund Receivable	63,140	0	0	0	63,140
Total Assets	71,406	451,135	0	155,385	677,926
<u>Liabilities</u>					
Accrued Wages Payable	2,768	0	0	0	2,768
Accounts Payable	0	113,869	0	10,171	124,040
Due to Other Governments	1,487	0	217,285	0	218,772
Interfund Payable	0	0	63,140	0	63,140
Total Liabilities	4,255	113,869	280,425	10,171	408,720
<u>Deferred Inflows of Resources</u>					
Unavailable Revenue	0	0	0	10,972	10,972
Total Deferred Inflows of Resources	0	0	0	10,972	10,972
<u>Fund Balances</u>					
Restricted	0	337,266	0	134,242	471,508
Assigned	67,151	0	0	0	67,151
Unassigned	0	0	(280,425)	0	(280,425)
Total Fund Balances	67,151	337,266	(280,425)	134,242	258,234
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$71,406	\$451,135	\$0	\$155,385	\$677,926

See accompanying notes to the basic financial statements

Delaware County Family and Children First Council
 Reconciliation of Total Governmental Fund Balances
 to Net Position of Governmental Activities
 December 31, 2022

Total Governmental Fund Balances		\$258,234
Amounts reported for governmental activities on the statement of net position are different because of the following:		
		10,972
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Long Term Liabilities	<u>(4,197)</u>	(4,197)
The net pension/OPEB - asset/liability is not due and receivable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not recognized in the governmental funds.		
Deferred Outflows of Resources - Pension	25,538	
Deferred Outflows of Resources - OPEB	1,186	
Deferred Inflows of Resources - Pension	(66,762)	
Deferred Inflows of Resources - OPEB	(20,226)	
Net pension asset	2,963	
Net OPEB asset	19,577	
Net pension liability	<u>(54,312)</u>	(92,036)
Net Position of Governmental Activities		<u><u>\$172,973</u></u>

See accompanying notes to the basic financial statements

Delaware County Family and Children First Council
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	System of Care	Help Me Grow	Flexible Pool	Total Governmental Funds
Revenues					
Local Contributions	\$103,000	\$0	\$0	\$50,000	\$153,000
Intergovernmental	65,750	1,124,868	159,110	26,810	1,376,538
Other	0	5,392	0	0	5,392
Total Revenues	168,750	1,130,260	159,110	76,810	1,534,930
Expenditures					
General Government	133,559	0	0	0	133,559
Social Services	0	1,015,262	570,843	156,780	1,742,885
Total Expenditures	133,559	1,015,262	570,843	156,780	1,876,444
Excess of Revenues Over (Under) Expenditures	35,191	114,998	(411,733)	(79,970)	(341,514)
Changes in Fund Balances	35,191	114,998	(411,733)	(79,970)	(341,514)
Fund Balances at Beginning of Year	31,960	222,268	131,308	214,212	599,748
Fund Balances at End of Year	<u>\$67,151</u>	<u>\$337,266</u>	<u>(\$280,425)</u>	<u>\$134,242</u>	<u>\$258,234</u>

See accompanying notes to the basic financial statements

Delaware County Family and Children First Council
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2022

Changes in Fund Balances - Total Governmental Funds	(\$341,514)
Amounts reported for governmental activities on the statement of activities are different because of the following:	
Compensated Absences Payable-Governmental Activities	(1,031)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	10,972
Except for amounts reported as deferred inflows/outflows, changes in the net pension	3,382
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB are reported as expense in the statement of activities.	12,950
Change in Net Position of Governmental Activities	<u><u>(\$315,241)</u></u>
See accompanying notes to the basic financial statements	

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 1 – Reporting Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Council and required each Board of County Commissioners to establish a County Family and Children First Council. Statutory membership of County Council consists of the following individuals:

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioner of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 1 – Reporting Entity (Continued)

13. A representative of the County’s Early Intervention collaborative established pursuant to the federal early intervention program operated under the “Individuals with Disabilities Education Act of 2004”; and
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Family and Children First Council (the Council) may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the Council.

The purpose of the Council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a Council shall provide for the following:

1. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
2. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
3. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the “Individuals with Disabilities Education Act of 2004”;
4. Maintenance of an accountability system to monitor the Council’s progress in achieving results for families and children; and
5. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

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

Note 2 – Summary of Significant Accounting Policies

The Financial statements of the Council have been prepared in conformity with generally accepted account principles (GAAP as applied to governmental units). The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Council’s accounting policies are described below.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Council that are government in nature and those that are considered business-type activities. Governmental activities are generally funded through intergovernmental receipts or other nonexchange transactions. The Council has no business-type of activities.

The statement of net position presents the governmental activities of the Council at year end. The statement of activities compares expenses and program revenues for each program or function of the Council's governmental activities. Expenses are report by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and revenues of interest earned on grants that are required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general revenues of the Council.

Fund Financial Statements

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

Governmental Funds

Governmental funds are those through which most governmental functions of the Council are financed. The following are the Council's Major governmental funds:

General Fund - The General Fund is the operating fund of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund.

Help Me Grow Grant Fund – This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

System of Care Grant Fund – This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 2 – Summary of Significant Accounting Policies (Continued)

Flexible Funding Pool – This fund receives monies to support the provision of services to families and children.

Measurement Focus

Government-Wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflow of resources associated with the operation of the Council are included on the statement of net position. The statement of activities presents increases (e.g., revenue) and decreases (e.g., expenses) in total net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. The governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Council available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the Council receives value without directly giving equal value in return, include intergovernmental contractual allocations from participating local governments, grants, entitlements, and donations. Revenue from intergovernmental contractual allocations, grants, entitlements and donations is recognized in the fiscal 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 Council must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Council on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: grants and entitlements, licenses and permits; and charges for services.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 2 – Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources– In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Council, see Notes 10 and 11 for deferred outflows of resources related to the Council's net pension liability/(asset) and net OPEB asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Council, deferred inflows of resources include pension, OPEB, and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Council, unavailable revenue includes, but is not limited to intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Council, see Notes 10 and 11 for deferred inflows of resources related to the Council's net pension liability/(asset) and net OPEB asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. 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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Budgetary Process

A Council established under ORC Section 121.37 is not a taxing authority and is not subject to ORC Section 5705. As of October 1, 1997 all Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with Delaware County Commissioners and the Delaware County Auditor as required by Ohio law. The Council follows budgetary guidelines established by the Delaware County Auditor. Annual budgets are prepared and submitted to the County Auditor for approval prior to the beginning of the calendar year. Any budget modification requests must be submitted jointly to the Delaware County Auditor and the Delaware County Commissioners for review and approval.

Accounts Receivable

Accounts receivables are stated as unpaid balances, less an allowance for doubtful accounts. The Council provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Council's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Investments

The County Treasurer is the custodian for the Council's cash and investments. The County's cash and investment pool holds the Council's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County, Donald Rankey, Delaware County Treasurer, 145 North Union Street, Delaware, Ohio 43015. The phone number is (740) 833 - 2480.

Capital Assets

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The Council has no capital assets to report on the accompanying financial statements.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The Council's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Net position restricted for other purposes are restricted by grantors and regulations of other governments.

Interfund Transactions and Balances

Transfers within governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On the fund financial statements, outstanding interfund loans are reported as "interfund receivables/payables".

Compensated Absences

The Council reports compensated absences in accordance with the provisions of GASB's statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for unused earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 2 – Summary of Significant Accounting Policies (Continued)

liability is an estimate based on the Council's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements as a component of due to primary government.

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 obligation of 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 normally due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Fund Balance

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

Nonspendable – The Council classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Council.

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

Committed – The Council can commit amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

The Council 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.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

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 Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2022.

Pensions/Other Postemployment Benefits (OPEB)

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

Note 3 – Change in Accounting Principles

For 2022, the Council has implemented GASB Statement No. 87 “Leases”, GASB, GASB Statement No. 91, “Conduit Debt Obligations”, and GASB Statement No. 97 “Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” The implementation of these GASB did not have effect on the financial statements of the Commission.

Note 4 – Cash and Cash Equivalents with Fiscal Agents

As required by the Ohio Revised Code, the Delaware County Auditor is the fiscal agent of the Council. The Council’s cash pool, used by all funds, is deposited with the Delaware County Treasurer. The cash pool is commingled with the Delaware County’s cash and investment pool and is not identifiable as to demand deposits or investments. All collections are remitted to the Delaware County Treasurer for deposit and all disbursements are made by warrants prepared by the Delaware County Auditor drawn on deposits held in the name of the Delaware County. GASB 3 and GASB 40 requirements for Delaware County are presented in the December 31, 2021 Annual Comprehensive Financial Report. The fund balances are expressed in cash equivalents. Cash equivalents are available for immediate expenditure or liquid investments which are immediately marketable, have negligible credit risk, and mature within three months. The carrying amount of cash on deposit with the Delaware County Treasurer at December 31, 2022 was \$570,914.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 5 – Receivables

Receivables at December 31, 2022 consisted of intergovernmental receivables arising from grants. Receivables have been recorded to the extent that they are measurable at December 31, 2022. All receivables are expected to be collected in the subsequent year. Amounts due from other governments consisted of the following at year end:

System of Care	
State Subsidies	\$6,090
Total System of Care	<u>\$6,090</u>
Flexible Spending Pool	
Federal Grant	\$37,782
Total Governmental Activities	<u>\$43,872</u>

Note 6 – Long-Term Obligations

During 2022, the following activity occurred in the Council's governmental long-term obligations:

	Balance January 1, 2022	Additions	Reductions	Balance December 31, 2022	Due Within One Year
<u>Governmental Activities</u>					
Net Pension Liability	78,691	0	(24,379)	54,312	0
Compensated Absences Payable	<u>3,166</u>	<u>4,168</u>	<u>(3,137)</u>	<u>4,197</u>	<u>1,060</u>
Total Long-Term Debt Obligations	<u>\$81,857</u>	<u>\$4,168</u>	<u>(\$27,516)</u>	<u>\$58,509</u>	<u>\$1,060</u>

See Notes 10 and 11 for further information on the Council's net pension liability and net OPEB liability, respectively. The Council pays obligations related to employee compensation from the fund benefitting from their services.

Note 7 – Risk Management

The insurance for comprehensive property and general liability is provided by Delaware County.

Delaware County provides workers' compensation insurance for the Council through a self-insurance plan offered by the State of Ohio. The plan allows the County to administer its own workers' compensation claims, including the approval of claims and the payment of compensation and medical payments for injured employees. The plan requires the County to participate in the Self-Insured Employees Guaranteed Fund through the State of Ohio that guarantees that claims liabilities are satisfied if the self-insured employer is unable to pay the claims.

Note 8 – Contingencies

Grants

The Council receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 8 – Contingencies (Continued)

compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Council; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Council.

Litigation

The Council is not currently involved in litigation.

Note 9 – Other Commitments

The Council utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Council’s commitments for encumbrances (not already included in payables) in the governmental funds were as follows:

	Year-End Encumbrances
General Fund	\$1,750
System of Care	68,317
Help Me Grow	0
Flexible Funding Pool	20,302
Total Year-End Encumbrances	\$90,369

Note 10 – Defined Benefit Pension Plan

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services.

Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the Council’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/asset 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.

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

GASB 68 assumes any net pension 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

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 10 – Defined Benefit Pension Plan (Continued)

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.

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

Plan Description - Council employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Council employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS’ Traditional Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information):

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

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.

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Note 10 – Defined Benefit Pension Plan (Continued)

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 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 will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS Comprehensive Annual Financial Report.

Beginning in 2022, the combined plan will be consolidated under the traditional plan (defined benefit plan) and the combined plan option will no longer be available for new hires beginning in 2022.

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

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Note 10 – Defined Benefit Pension Plan (Continued)

	State and Local
2022	
Employer	14.0 %
Employee	10.0 %
2022	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council's contractually required contribution was \$13,686 for the year 2022. Of this amount, \$1,487 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2021, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Council's proportion of the net pension liability or asset was based on the Council's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	
Proportionate share of the net pension liability	\$54,311	Traditional Plan
Proportionate share of the net pension asset	\$2,972	Combined Plan
Proportion of the net pension liability	0.00062424%	Traditional Plan
Proportion of the net pension asset	0.00075424%	Combined Plan
Pension expense	(\$6,140)	Traditional Plan
Pension expense	(\$800)	Combined Plan

At December 31, 2022, the Council reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Note 10 – Defined Benefit Pension Plan (Continued)

	<u>OPERS- Traditional</u>	<u>OPERS- Combined</u>	<u>Total</u>
Deferred outflows of resources			
Difference between expected & actual economic experience	\$2,769	\$19	\$2,788
Change in assumptions	\$6,792	\$153	\$6,945
Commission contributions subsequent to the measurement date	13,238	454	13,692
Change in proportionate share	<u>2,113</u>	<u>0</u>	<u>2,113</u>
Total deferred outflows of resources	<u>\$24,912</u>	<u>\$626</u>	<u>\$25,538</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$1,191	\$342	\$1,533
Difference between projected and actual Investment Earnings	64,573	656	65,229
Change in proportionate share	<u>0</u>	<u>0</u>	<u>0</u>
Total deferred inflows of resources	<u>\$65,764</u>	<u>\$998</u>	<u>\$66,762</u>

The Council reported \$13,692 as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS- Traditional</u>	<u>OPERS- Combined</u>	<u>Total</u>
Year Ending December 31:			
2023	(\$6,432)	(\$201)	(\$6,633)
2024	(22,221)	(278)	(22,499)
2025	(15,190)	(182)	(15,372)
2026	(10,248)	(135)	(10,383)
2027	0	(18)	(18)
Thereafter	<u>0</u>	<u>(11)</u>	<u>(11)</u>
Total	<u>(\$54,091)</u>	<u>(\$825)</u>	<u>(\$54,916)</u>

Actuarial Assumptions – OPERS

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

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

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Note 10 – Defined Benefit Pension Plan (Continued)

Wage inflation	2.75 percent
Future salary increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or ad hoc COLA	Pre-1/7/13 Retirees: 3 percent, simple
	Post-1/7/13 Retirees: 0.5 percent, simple
	Through 2021, then 2.15 percent simple
Investment rate of return	6.90 percent
Actuarial cost method	Individual entry age

In July 2021, the OPERS Board adopted a change in COLA for post-January 7, 2013, retirees changing it from 0.5 percent simple through 2021 then 2.15 percent simple to 3.0 percent simple through 2022 then 2.05 percent simple.

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 all of the above described tables. The most recent experience study was for the five year period ended December 31, 2021.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3% for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees 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 table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

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Note 10 – Defined Benefit Pension Plan (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	24.00%	1.03%
Domestic equities	21.00%	3.78%
Real estate	11.00%	3.66%
Private equity	12.00%	7.43%
International equities	23.00%	4.88%
Other investments	9.00%	5.77%
Total	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.9 percent for both the Traditional Pension Plan and the Combined Plan. 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 statutorily required rates.

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 Council's Proportionate Share of the Net Pension (Asset)/Liability to Changes in the Discount Rate - The following table presents the Council's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.9 percent, as well as what the Council's proportionate share of the net pension liability/asset 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	Current Discount Rate	1% Increase
	<u>5.90%</u>	<u>6.90%</u>	<u>7.90%</u>
Council's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$143,195	\$54,312	(19,651)
Combined Plan	(\$2,217)	(\$2,972)	(\$3,560)

Note 11 – Defined Benefit OPEB Plan

Net OPEB Asset

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

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Note 11 – Defined Benefit OPEB Plan (Continued)

result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan's overfunded benefits is presented as a long-term *net OPEB asset* on the accrual basis of accounting. Any asset for the contractually-required OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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Note 11 – Defined Benefit OPEB Plan (Continued)

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, 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 Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

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

The Council's contractually required contribution was \$0 for 2022.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and reemployed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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

The net OPEB liability and total OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Council's proportion of the net OPEB asset was based on the Council'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:

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Note 11 – Defined Benefit OPEB Plan (Continued)

	OPERS
Proportion of the Net OPEB Asset	0.0017857%
Proportionate Share of the Net OPEB Asset	\$19,576
OPEB Expense	(\$15,019)

At December 31, 2022, the Council’s reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$0
Net difference between projected and actual earnings on OPEB plan investments	0
Changes of assumptions	0
Change in proportionate share	1,186
Total Deferred Outflows of Resources	\$1,186
Deferred Inflows of Resources	
Net differences between expected and actual experience	\$2,969
Net difference between projected and actual earnings on OPEB plan investments	9,332
Changes of assumptions	7,925
Change in proportionate share	0
Total Deferred Inflows of Resources	\$20,226

\$0 reported as deferred outflows of resources related to OPEB resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

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Note 11 – Defined Benefit OPEB Plan (Continued)

	OPERS
Year Ending December 31:	
2023	(\$12,509)
2024	(4,338)
2025	(2,039)
2026	(1,340)
2027	0
Thereafter	0
Total	(\$20,226)

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.5 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employee's 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

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Note 11 – Defined Benefit OPEB Plan (Continued)

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 all of the above described tables.

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.60 percent for 2021.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

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 %
Real Estate Investment Trust	7.00 %	6.48 %
International Equities	25.00 %	7.36 %
Other investments	9.00 %	4.43 %
Total	<u>100.00 %</u>	

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Note 11 – Defined Benefit OPEB Plan (Continued)

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 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 health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the Council’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the Council’s proportionate share of the net OPEB Asset calculated using the single discount rate of 6.00 percent, as well as what the Council’s proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.0 percent) than the current rate:

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
Council's proportionate share Asset	\$11,406	\$19,576	\$26,269

Sensitivity of the Council’s Proportionate Share of the Net OPEB 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. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary’s 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.

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DECEMBER 31, 2022**

Note 11 – Defined Benefit OPEB Plan (Continued)

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Council's proportionate share of the net OPEB asset	\$19,750	\$19,576	\$19,250

Note 12 - Other Employee Benefits

Compensated Absences

Council employees earn and accumulate vacation at varying rates depending on length of services. Current policy credits vacation leave on the employee's anniversary date when a service benchmark is reached, vacation is accrued regularly throughout the year. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by County policy and union contracts and accumulated without limit. Sick leave benefits are paid upon retirement based on various rates and maximums depending on the contract.

Note 13 –COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Council did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Council. The impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Delaware County Family and Children First Council
Schedule of Revenues, Expenses, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$15,750	\$15,750	\$65,750	\$50,000
Local Contributions	80,000	80,000	103,000	23,000
Total Revenues	<u>95,750</u>	<u>95,750</u>	<u>168,750</u>	<u>73,000</u>
<u>Expenses</u>				
Personal Services	99,581	103,181	103,029	152
Fringe Benefits	25,527	29,227	27,329	1,898
Services and Charges	3,950	3,950	1,157	2,793
Materials and Supplies	2,000	2,000	1,750	250
Total Expenses	<u>131,058</u>	<u>138,358</u>	<u>133,265</u>	<u>5,093</u>
Changes in Fund Balance	(35,308)	(42,608)	35,485	78,093
Fund Balance at Beginning of Year	34,171	34,171	34,171	0
Fund Balance at End of Year	<u>(\$1,137)</u>	<u>(\$8,437)</u>	<u>\$69,656</u>	<u>\$78,093</u>

Delaware County Family and Children First Council
Schedule of Revenues, Expenses, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
System of Care
For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$683,377	\$833,377	\$1,121,172	\$287,795
Other	0	0	5,392	5,392
Total Revenues	683,377	833,377	1,126,564	293,187
<u>Expenses</u>				
Services and Charges	798,659	1,123,659	1,051,711	71,948
Total Expenses	798,659	1,123,659	1,051,711	71,948
Changes in Fund Balance	(115,282)	(290,282)	74,853	365,135
Fund Balance at Beginning of Year	186,595	186,595	186,595	0
Prior Year Encumbrances Appropriated	115,282	115,282	115,282	0
Fund Balance at End of Year	\$186,595	\$11,595	\$376,730	\$365,135

Delaware County Family and Children First Council
 Schedule of Revenues, Expenses, and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
Help Me Grow
 For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	<u>\$534,309</u>	<u>\$534,309</u>	<u>\$240,444</u>	<u>(\$293,865)</u>
<u>Expenses</u>				
Services and Charges	<u>586,111</u>	<u>586,111</u>	<u>435,482</u>	<u>150,629</u>
Changes in Fund Balance	(51,802)	(51,802)	(195,038)	(143,236)
Fund Balance at Beginning of Year	80,096	80,096	80,096	0
Prior Year Encumbrances Appropriated	<u>51,802</u>	<u>51,802</u>	<u>51,802</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$80,096</u></u>	<u><u>\$80,096</u></u>	<u><u>(\$63,140)</u></u>	<u><u>(\$143,236)</u></u>

Delaware County Family and Children First Council
 Schedule of Revenues, Expenses, and Changes in Fund Balance
 Budget (Non-GAAP Basis) and Actual
Flexible Spending Pool
 For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Local Contributions	\$50,000	\$50,000	\$50,000	\$0
<u>Expenses</u>				
Services and Charges	133,764	233,764	185,746	48,018
Changes in Fund Balance	(83,764)	(183,764)	(135,746)	48,018
Fund Balance at Beginning of Year	206,963	206,963	206,963	0
Prior Year Encumbrances Appropriated	26,084	26,084	26,084	0
Fund Balance at End of Year	<u>\$149,283</u>	<u>\$49,283</u>	<u>\$97,301</u>	<u>\$48,018</u>

Delaware County Family and Children First Council
Delaware County, Ohio
Schedule of the Council's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Two Years

	2022	2021
<u>Traditional Plan:</u>		
Council's Proportion of the Net Pension Liability	0.0006242%	0.0005314%
Council's Proportionate Share of the Net Pension Liability	\$54,312	\$78,691
Council's Covered Payroll	\$94,515	\$77,821
Council's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	57.46%	101.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%
	2022	2021
<u>Combined Plan:</u>		
Council's Proportion of the Net Pension Asset	0.0007542%	0.0006657%
Council's Proportionate Share of the Net Pension Asset	\$2,972	(\$1,913)
Council's Covered Payroll	\$3,244	\$2,943
Council's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-91.61%	-65.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	169.88%	157.67%

Note 1: Amounts presented as of the Council's measurement date which is the prior year. Although this schedule is intended to show information for ten years, information prior to 2020 is not available. An additional column will be added each year.

Note 2: There were no changes of benefit terms from the amounts reported for 2014-2020.

Note 3: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019 the following were the most significant changes of the assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2021.

Delaware County Family and Children First Council
Delaware County, Ohio
 Schedule of the Council's Pension Contributions
 Ohio Public Employees Pension Retirement System
 Last Two Years

	2022	2021
Contractually Required Contribution	\$13,686	\$11,307
Contributions in Relation to the Contractually Required Contribution	(13,868)	(11,307)
Contribution Deficiency (excess)	(182)	0
 Council's Covered-Employee Payroll	 \$97,757	 \$80,764
Contributions as a Percentage of Covered- Payroll	14.00%	14.00%

Delaware County Family and Children First Council
Delaware County, Ohio
Schedule of the Council's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System - OPEB Plan
Last Two Years

	<u>2022</u>	<u>2021</u>
<u>Traditional Plan:</u>		
Council's Proportion of the Net OPEB Asset	0.0017857%	0.0005318%
Council's Proportionate Share of the Net OPEB Liability (Asset)	(\$19,576)	(\$9,470)
Council's Covered-Employee Payroll	\$94,515	\$77,821
Council's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-20.71%	-12.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%

Note 1: Amounts presented as of the Council's measurement date which is the prior year. Although this schedule is intended to show information for ten years, information prior to 2021 is not available. An additional column will be added each year.

Note 2: For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increases the solvency of the health care plan. These changes are effective January 1, 2022 and included changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in December 31, 2020 measurement data health care valuation. These changes significantly decreased the total OPEB liability for the measurement data December 31, 2020. There were no changes in benefit terms from the amounts reported for 2022.

Note 3: For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement data: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50% ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035. For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increase, including inflation changed from 3.25%-10.75% to 2.75%-10.75% (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

Delaware County Family and Children First Council
Delaware County, Ohio
 Schedule of Council's Contributions - OPEB
 Ohio Public Employees Retirement System
 Last Two Years

	2022	2021
Contractually Required Contribution	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	0	0
Contribution Deficiency (excess)	0	0
 Council's Covered-Employee Payroll	 \$97,757	 \$80,764
Contributions as a Percentage of Covered- Employee Payroll	0.00%	0.00%

The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022**

Note 1 - Budgetary

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (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 Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and

Actual - for the General Fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

	<u>General</u>	<u>System of Care</u>	<u>Help Me Grow</u>	<u>Flexible</u>
Budget Basis	\$35,485	\$74,853	(\$195,038)	(\$135,746)
Net Adjustment for Revenue Accruals	0	3,697	(81,338)	26,810
Net Adjustment for Expenditure Accruals	(2,044)	(31,869)	(135,357)	8,664
Adjustment for Encumbrances	1,750	68,317	0	20,302
GAAP Basis	<u>\$35,191</u>	<u>\$114,998</u>	<u>(\$411,733)</u>	<u>(\$79,970)</u>

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**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The discussion and analysis of the Delaware Family and Children First Council's, (the Council) financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Council's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for the year 2021 are as follows:

- In 2021, the Council prepared, for the first time, financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Restatements necessary to implement this change in accounting principle are presented in Note 3 to the basic financial statements.
- For 2021, the total net position of FCFC increased \$32,160, which represents a 7.05 percent increase from December 31, 2020 (as restated - see Note 3).
- Intergovernmental receipts accounted for 90 percent of the Council's revenue and 10 percent consisted of local contributions to cover salaries and benefits for employees.
- The Council had \$49,598 in expenses related to general governmental activities and \$1,502,141 related to social service expenditures.

Using this Annual Financial Report

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 Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the Council as a whole, presenting both an aggregate view of the Council's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending.

Reporting the Council as a Whole

This document contains great detailed information about the activities of the Council did financially as a whole during 2021. The Statement of Net Position and the Statement of Activities provides the detailed information. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the Council's net position and changes in net position. This change in net position is important because it communicates to the reader if the overall Council's financial position has improved or diminished. However, in evaluating the overall position of the Council, nonfinancial information such as the reliance on certain resources for the operations and the need for continued growth will also need to be evaluated.

Reporting the Council's Most Significant Funds Fund Financial Statements

Fund financial reports provide detailed information about the Council's major funds. The Council utilizes separate funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Council's most significant funds. The Council's major governmental funds are the General Fund, System of Care, Help Me Grow, and Flexible Funding Pool.

**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term view of the Council's governmental operations and the basic services. This information may be useful in evaluating a government's near-term financing requirements.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Council's net pension/OPEB liabilities.

The Council as a Whole

Table 1 provides a summary of the Council's net position at December 31, 2021. This is the Council's first year preparing government-wide financial statements using the accrual basis of accounting; therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available.

**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

**Table 1
Statement of Net Position**

	2021
Assets	
Cash and Equivalents	\$700,992
Due from Other Governments	83,730
Net Pension Asset	1,913
Net OPEB Asset	9,474
Total Assets	796,109
Deferred Outflows of Resources	
Pension	15,453
OPEB	7,107
Total Deferred Outflows of Resources	22,560
Liabilities	
Accrued Wages	1,915
Accounts Payable	100,835
Due to Other Governments	82,224
Long-Term Liabilities	
Due within one year	83
Amounts due in more than one year	3,083
Net pension liability	78,691
Total liabilities	266,831
Deferred Inflows of Resources	
Pension	34,630
OPEB	28,994
Total Deferred Outflows of Resources	63,624
Net Position	
Restricted	567,788
Unrestricted	(79,574)
Total Net Position	\$488,214

Delaware County Family and Children First Council
Delaware County, Ohio

Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Council's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability to equal the Council's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Council is not responsible for certain key factors affecting the balance of these liabilities.

In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other

**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

changes are insufficient to keep up with required payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and

the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Council's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability/asset and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As indicated earlier, net position may serve over time as a useful indicator of the Council's financial position.

Long-term liabilities decrease primarily due to a decrease in the net pension liability and net OPEB liability. These liabilities are outside of the control of the Council. The Council contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to Council employees, not the Council. The pension and OPEB liabilities will fluctuate annually due to a number of factors including investment returns, actuarial assumptions used, and the Councils proportionate share of net pension and net OPEB costs.

As a result, many end users of this financial statement will gain a clearer understanding of the Council's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset. Had the Council not applied the requirements of GASB 68 and GASB 75, the unrestricted net position for the governmental activities would have been as follows for 2021:

**Table 2
Net Position Change due to Implementation of GASB 68 & 75**

Unrestricted Net Position (with GASB 68/GASB 75)	(\$79,574)
<u>GASB 68 Calculation:</u>	
Add - Deferred Inflows - Pension	34,630
Add - Net Pension Liability	78,691
Less - Deferred Outflows - Pension	(15,453)
Less - Net Pension Asset	(1,913)
<u>GASB 75 Calculation:</u>	
Add: Deferred Inflows - OPEB	28,994
Less: Net OPEB Asset	(9,474)
Less: Deferred Outflows - OPEB	(7,107)
Unrestricted Net Position (without GASB 68/GASB 75)	\$28,794

As illustrated above, removal of the unfunded liability of the pension/OPEB plans results in a significantly higher unrestricted net position. In the state of Ohio there is no legal means to enforce the unfunded liability of the pension/OPEB plan against the Council.

**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

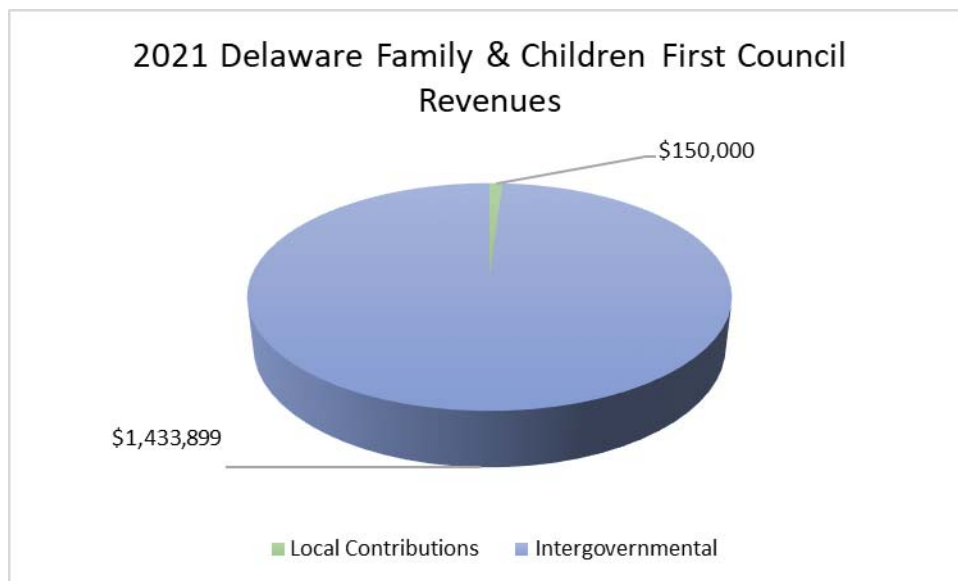
Table 3 reflects the change in net position for 2021. This is the Council's first year preparing government-wide financial statements using the accrual basis of accounting; therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available.

**Table 3
Changes in Net Position**

	2021
Revenues	
Local Contributions	\$150,000
Intergovernmental	<u>1,433,899</u>
Total Revenues	<u><u>1,583,899</u></u>
Expenses	
General Government	49,598
Social Services	<u>1,502,141</u>
Total Disbursements	<u><u>1,551,739</u></u>
Change in Net Position	32,160
Net Position at Beginning of Year (Restated)	<u>456,054</u>
Net Position at End of Year	<u><u>\$488,214</u></u>

Governmental Activities

In 2021, 90 percent of the Council's total receipts were from intergovernmental transactions and 10 percent consisted of local contributions to cover salaries and benefits for employees.



**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

On the Statement of Activities for 2021, you will see that the first column lists the major expenses of the Council. The next column identifies the amount of these expenses. In 2021, the major program expenses

for governmental activities were: General Government and Social Services which account for 3.2 and 96.8 percent of all expenses. The column of the statement entitled Operating Grants, Contributions, and Interest identify grants and contributions received by the Council that must provide a specific service. The net (expenses) revenues column compares the program revenues to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers, state subsidies and cash balances of grant and fee programs. These net costs are paid from the general revenues which are presented at the bottom of the statement.

Table 4 depicts the total cost of services and the net cost. This is the Council's first year preparing government-wide financial statements using the accrual basis of accounting; therefore, a comparison with prior year is not available. A comparative analysis will be presented in future years when prior year information is available.

**Table 4
Governmental Activities**

	Total Cost of Service 2021	Net Cost of Service 2021
General Government	\$49,598	\$49,598
Social Services	1,502,141	70,060
	\$1,551,739	\$119,658

The expenses above include the net pension and net OPEB expense. The provision adoptions of GASB 68 and 75 distort the true financial position of the Council, requiring the Council to recognize a pension/OPEB adjustment that decreased expenses by \$61,812. As a result, it is difficult to ascertain the true operational cost of services and the change in cost of services from year to year. The chart in Table 5 shows total cost of services and net cost of services by function with the GASB Statement 68 and 75 and OPEB costs removed.

**Table 5
Governmental Activities-GASB 68 & 75 Pension/OPEB Costs Removed**

	Total Cost of Services	Net Cost of Services
	2021	2021
General Government	111,410	111,410
Social Services	1,502,141	70,060
Total Expenses	\$1,613,551	\$181,470

The Council's Funds

Total governmental funds had revenues and other financing sources of \$1,583,899 and expenses of \$1,612,167.

**Delaware County Family and Children First Council
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

General Fund Budgeting Highlights

The Council's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During 2021, the Council's amended its appropriations, and the budgetary statements to reflect both the original and final appropriated amounts. The general fund's actual receipts collected were \$61,818, which is a 2 percent increase from the final budgeted receipts. The primary cause of this increase was due to an increase in the local contributions receipts.

Overall, actual budgetary expenditures of \$108,649 were 3.3 percent less than the final budgetary expenditures. This is due to purchase of less supplies and materials in 2021.

Capital Assets

The Council does not have any capital assets.

Long Term Obligations

Refer to Note 6 for the Council's Long Term Obligations.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Council's finances and to reflect the Council's accountability for the money it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Honorable George Kaitsa, Delaware County Auditor, 145 North Union Street, Delaware, Ohio 43015. Questions may also be e-mailed to auditor@co.delaware.oh.us.

Delaware County Family and Children First Council
Statement of Net Position
December 31, 2021

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$700,992
Due from Other Governments	83,730
Net Pension Asset	1,913
Net OPEB Asset	9,474
Total Assets	796,109
<u>Deferred Outflows of Resources</u>	
Pension	15,453
OPEB	7,107
Total Deferred Outflows of Resources	22,560
Total Assets and Deferred Outflows of Resources	818,669
<u>Liabilities</u>	
Accrued Wages Payable	1,915
Accounts Payable	100,835
Due to Other Governments	82,224
Due Within One Year	83
Due in More Than One Year	3,083
Net Pension Liability	78,691
Total Liabilities	266,831
<u>Deferred Inflows of Resources</u>	
Pension	34,630
OPEB	28,994
Total Deferred Inflows of Resources	63,624
Total Liabilities and Deferred Inflows of Resources	330,455
<u>Net Position</u>	
Restricted for:	
System of Care	222,268
Help Me Grow	131,308
Flexible	214,212
Unrestricted	(79,574)
Total Net Position	\$488,214

See accompanying notes to the basic financial statements

Delaware County Family and Children First Council
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues			Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities	
Governmental Activities				
Health				
General Government	\$49,598	\$0	\$0	(\$49,598)
Social Services	1,502,141	0	1,432,081	(70,060)
Total Governmental Activities	\$ 1,551,739	\$ -	\$ 1,432,081	\$ (119,658)
General Revenues				
		Grants and Entitlements not Restricted to Other Programs		1,818
		Local Contributions		150,000
		Total General Revenues		151,818
		Change in Net Position		32,160
		Net Position at Beginning of Year (Restated)		456,054
		Net Position at End of Year		\$ 488,214

See accompanying notes to the basic financial statements

Delaware County Family and Children First Council
 Balance Sheet
Governmental Funds
 December 31, 2021

	General	System of Care	Help Me Grow	Flexible Spending Pool	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$34,171	\$301,873	\$131,901	\$233,047	\$700,992
Due from Other Governments	0	2,395	81,335	0	83,730
Total Assets	<u>34,171</u>	<u>304,268</u>	<u>213,236</u>	<u>233,047</u>	<u>784,722</u>
Liabilities					
Accrued Wages Payable	1,915	0	0	0	1,915
Accounts Payable	0	82,000	0	18,835	100,835
Due to Other Governments	296	0	81,928	0	82,224
Total Liabilities	<u>2,211</u>	<u>82,000</u>	<u>81,928</u>	<u>18,835</u>	<u>184,974</u>
Fund Balances					
Restricted	0	222,268	131,308	214,212	567,788
Assigned	31,960	0	0	0	31,960
Total Fund Balances	<u>31,960</u>	<u>222,268</u>	<u>131,308</u>	<u>214,212</u>	<u>599,748</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$34,171</u>	<u>\$304,268</u>	<u>\$213,236</u>	<u>\$233,047</u>	<u>\$784,722</u>

See accompanying notes to the basic financial statements

Delaware County Family and Children First Council
 Reconciliation of Total Governmental Fund Balances
 to Net Position of Governmental Activities
 December 31, 2021

Total Governmental Fund Balances		\$599,748
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Amounts reported for governmental activities on the statement of net position are different because of the following:

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Long Term Liabilities	(3,166)	(3,166)
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The net pension/OPEB - asset/liability is not due and receivable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not recognized in the governmental funds.

Deferred Outflows of Resources - Pension	15,453	
Deferred Outflows of Resources - OPEB	7,107	
Deferred Inflows of Resources - Pension	(34,630)	
Deferred Inflows of Resources - OPEB	(28,994)	
Net Pension Asset	1,913	
Net OPEB asset	9,474	
Net pension liability	(78,691)	(108,368)

Net Position of Governmental Activities		\$488,214
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See accompanying notes to the basic financial statements

Delaware County Family and Children First Council
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	System of Care	Help Me Grow	Flexible Pool	Total Governmental Funds
Revenues					
Local Contributions	60,000	0	0	90,000	150,000
Intergovernmental	1,818	718,619	713,462	0	1,433,899
Total Revenues	61,818	718,619	713,462	90,000	1,583,899
Expenditures					
General Government	110,026	0	0	0	110,026
Social Services	0	764,547	657,513	80,081	1,502,141
Total Expenditures	110,026	764,547	657,513	80,081	1,612,167
Excess of Revenues Over (Under) Expenditures	(48,208)	(45,928)	55,949	9,919	(28,268)
Changes in Fund Balances	(48,208)	(45,928)	55,949	9,919	(28,268)
Fund Balances at Beginning of Year	80,168	268,196	75,359	204,293	628,016
Fund Balances at End of Year	\$31,960	\$222,268	\$131,308	\$214,212	\$599,748

See accompanying notes to the basic financial statements

Delaware County Family and Children First Council
 Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2021

Changes in Fund Balances - Total Governmental Funds	(\$28,268)
Amounts reported for governmental activities on the statement of activities are different because of the following:	
Compensated Absences Payable-Governmental Activities	(1,384)
Contractually required pension and OPEB contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.	11,307
Except for amounts reported as deferred inflows/outflows, changes in net pension are reported as pension expenses in the statement of activities.	(4,981)
Except for amounts reported as deferred inflows/outflows, changes in net OPEB are reported as expenses in the statement of activities.	55,486
Change in Net Position of Governmental Activities	<u><u>\$32,160</u></u>
See accompanying notes to the basic financial statements	

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 1 – Reporting Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Council and required each Board of County Commissioners to establish a County Family and Children First Council. Statutory membership of County Council consists of the following individuals:

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioner of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 1 – Reporting Entity (Continued)

13. A representative of the County’s Early Intervention collaborative established pursuant to the federal early intervention program operated under the “Individuals with Disabilities Education Act of 2004”; and
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Family and Children First Council (the Council) may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the Council.

The purpose of the Council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a Council shall provide for the following:

1. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
2. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
3. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the “Individuals with Disabilities Education Act of 2004”;
4. Maintenance of an accountability system to monitor the Council’s progress in achieving results for families and children; and
5. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

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

Note 2 – Summary of Significant Accounting Policies

The Financial statements of the Council have been prepared in conformity with generally accepted account principles (GAAP as applied to governmental units). The Governmental Accounting Standards Boards (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Council’s accounting policies are described below.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Council that are government in nature and those that are considered business-type activities. Governmental activities are generally funded through intergovernmental receipts or other nonexchange transactions. The Council has no business-type of activities.

The statement of net position presents the governmental activities of the Council at year end. The statement of activities compares expenses and program revenues for each program or function of the Council's governmental activities. Expenses are report by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and revenues of interest earned on grants that are required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general revenues of the Council.

Fund Financial Statements

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

Governmental Funds

Governmental funds are those through which most governmental functions of the Council are financed. The following are the Council's Major governmental funds:

General Fund - The General Fund is the operating fund of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund.

Help Me Grow Grant Fund – This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

System of Care Grant Fund – This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 2 – Summary of Significant Accounting Policies (Continued)

Flexible Funding Pool – This fund receives monies to support the provision of services to families and children.

Measurement Focus

Government-Wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflow of resources associated with the operation of the Council are included on the statement of net position. The statement of activities presents increases (e.g., revenue) and decreases (e.g., expenses) in total net position.

Fund Financial Statements – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. The governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues-Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Council available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the Council receives value without directly giving equal value in return, include intergovernmental contractual allocations from participating local governments, grants, entitlements, and donations. Revenue from intergovernmental contractual allocations, grants, entitlements and donations is recognized in the fiscal 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 Council must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Council on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: grants and entitlements, licenses and permits; and charges for services.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 2 – Summary of Significant Accounting Policies (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources – In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Council, see Notes 10 and 11 for deferred outflows of resources related to the Council's net pension liability/(asset) and net OPEB asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Council, deferred inflows of resources include pension, OPEB, and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Council, unavailable revenue includes, but is not limited to intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Council, see Notes 10 and 11 for deferred inflows of resources related to the Council's net pension liability/(asset) and net OPEB asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. 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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Budgetary Process

A Council established under ORC Section 121.37 is not a taxing authority and is not subject to ORC Section 5705. As of October 1, 1997 all Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with Delaware County Commissioners and the Delaware County Auditor as required by Ohio law. The Council follows budgetary guidelines established by the Delaware County Auditor. Annual budgets are prepared and submitted to the County Auditor for approval prior to the beginning of the calendar year. Any budget modification requests must be submitted jointly to the Delaware County Auditor and the Delaware County Commissioners for review and approval.

Accounts Receivable

Accounts receivables are stated as unpaid balances, less an allowance for doubtful accounts. The Council provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Council's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Investments

The County Treasurer is the custodian for the Council's cash and investments. The County's cash and investment pool holds the Council's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County, Donald Rankey, Delaware County Treasurer, 145 North Union Street, Delaware, Ohio 43015. The phone number is (740) 833-2480.

Capital Assets

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The Council has no capital assets to report on the accompanying financial statements.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The Council's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Net position restricted for other purposes are restricted by grantors and regulations of other governments.

Interfund Transactions and Balances

Transfers within governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. On the fund financial statements, outstanding interfund loans are reported as "interfund receivables/payables".

Compensated Absences

The Council reports compensated absences in accordance with the provisions of GASB's statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for unused earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 2 – Summary of Significant Accounting Policies (Continued)

liability is an estimate based on the Council's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements as a component of due to primary government.

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 obligation of 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 normally due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Fund Balance

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

Nonspendable – The Council classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Council.

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

Committed – The Council can commit amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

The Council 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.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

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 Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2021.

Pensions/Other Postemployment Benefits (OPEB)

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

Note 3 – Change in Accounting Principles

The Council has implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 84, *Fiduciary Activities*, and Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). GASB 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. GASB 88 provides a definition of debt and identifies additional disclosures for debt, including direct borrowings and direct placements. The implementation of GASB Statements 83, 84, and 88 did not have an effect on the financial statements of the Council.

For the fiscal year ended December 31, 2021, the Council has presented for the first time its basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). In conjunction with this presentation, the Council has (1) converted its governmental funds to the modified accrual basis of accounting and (2) converted its governmental activities to the accrual basis of accounting.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 3 – Change in Accounting Principles (Continued)

Modified Accrual Basis Adjustments – the conversion of the governmental funds from the cash-basis of accounting to the modified accrual basis of accounting required certain adjustments to be recorded at December 31, 2021 to the fund cash balances as previously reported to reflect the prior year’s effect of adopting these new accounting principles.

The restatement to the December 31, 2021 fund cash balances for the governmental funds follows:

	Balance December 31, 2020	Major Fund Reclassification	Modified Accrual Basis Adjustments	Balance January 1, 2021
Governmental Funds:				
General	\$81,002	\$0	(\$834)	\$80,168
Special Revenue	\$644,775	(\$644,775)	\$0	\$0
System of Care	0	362,025	(93,829)	268,196
Help Me Grow	0	78,457	(3,098)	75,359
Flexible Funding Pool	0	204,293	0	204,293
Total Governmental Funds	<u>\$725,777</u>	<u>\$0</u>	<u>(\$97,761)</u>	<u>\$628,016</u>

Under GAAP, the Council’s government-wide financial statements are prepared on the accrual basis of accounting. The government-wide financial statements show the Council’s programs for governmental activities. The conversion of the governmental activities from the cash-basis of accounting to the accrual basis of accounting required certain adjustments to be recorded at December 31, 2021 to the net cash position as previously reported to reflect the prior year’s effect of adopting these new accounting principles.

	Activities
Net Cash Position, December 31, 2020	\$725,777
Modified Accrual Basis Adjustments	(97,761)
Accrual Base Adjustments	
Net Pension Assets	1,324
Deferred Outflows-Pension	17,225
Deferred Outflows-OPEB	11,556
Deferred Inflows-Recognition of Funds	
Unavailable Revenue	(1,782)
Compensated Absences	(10,008)
OPEB-Deferred Inflows	
Pension-Deferred Inflows	(21,585)
Net OPEB liability	(69,449)
Net Pension Liability	(99,243)
Restated Net Position, January 1, 2021	<u>\$456,054</u>

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 4 – Cash and Cash Equivalents with Fiscal Agents

As required by the Ohio Revised Code, the Delaware County Auditor is the fiscal agent of the Council. The Council's cash pool, used by all funds, is deposited with the Delaware County Treasurer. The cash pool is commingled with Delaware County's cash and investment pool and is not identifiable as to demand deposits or investments. All collections are remitted to the Delaware County Treasurer for deposit and all disbursements are made by warrants prepared by the Delaware County Auditor drawn on deposits held in the name of the Delaware County. GASB 3 and GASB 40 requirements for Delaware County are presented in the December 31, 2021 Annual Comprehensive Financial Report. The fund balances are expressed in cash equivalents. Cash equivalents are available for immediate expenditure or liquid investments which are immediately marketable, have negligible credit risk, and mature within three months. The carrying amount of cash on deposit with the Delaware County Treasurer at December 31, 2021 was \$700,991.42.

Note 5 – Receivables

Receivables at December 31, 2021 consisted of intergovernmental receivables arising from grants. Receivables have been recorded to the extent that they are measurable at December 31, 2021. All receivables are expected to be collected in the subsequent year. Amounts due from other governments consisted of the following at year end:

Governmental Activities	
System of Care	
State Subsidies	\$2,395
Total System of Care	<u>\$2,395</u>
Help Me Grow	
Federal Grant	\$81,335
Total Governmental Activities	<u>\$83,730</u>

Note 6 – Long-Term Obligations

During 2021, the following activity occurred in the Council's governmental long-term obligations:

	Balance			Balance	
	January 1,			December	
	2021	Additions	Reductions	31,	Due Within
	<u>2021</u>	<u></u>	<u></u>	<u>2021</u>	<u>One Year</u>
<u>Governmental Activities</u>					
Net Pension Liability	99,243	0	(20,552)	78,691	0
Net OPEB Liability	69,449	0	(69,449)	0	0
Compensated Absences Payable	1,782	4,669	(3,285)	3,166	83
	<u>170,474</u>	<u>4,669</u>	<u>(93,286)</u>	<u>81,857</u>	<u>83</u>
Total Long-Term Debt Obligations	<u>\$170,474</u>	<u>\$4,669</u>	<u>(\$93,286)</u>	<u>\$81,857</u>	<u>\$83</u>

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Note 6 – Long-Term Obligations (Continued)

See Notes 10 and 11 for further information on the Council's net pension liability and net OPEB liability, respectively. The Council pays obligations related to employee compensation from the fund benefitting from their services.

Note 7 – Risk Management

The insurance for comprehensive property and general liability is provided by Delaware County.

Delaware County provides workers' compensation insurance for the Council through a self-insurance plan offered by the State of Ohio. The plan allows the County to administer its own workers' compensation claims, including the approval of claims and the payment of compensation and medical payments for injured employees. The plan requires the County to participate in the Self-Insured Employees Guaranteed Fund through the State of Ohio that guarantees that claims liabilities are satisfied if the self-insured employer is unable to pay the claims.

Note 8 – Contingencies

Grants

The Council receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Council; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Council.

Litigation

The Council is not currently involved in litigation.

Note 9 – Other Commitments

The Council utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Council's commitments for encumbrances (not already included in payables) in the governmental funds were as follows:

	<u>Year-End Encumbrances</u>
General Fund	\$0
System of Care	115,282
Help Me Grow	51,802
Flexible Funding Pool	26,084
Total Year-End Encumbrances	<u>\$193,168</u>

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 10 – Defined Benefit Pension Plan

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services.

Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the Council'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/asset 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.

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

GASB 68 assumes any net pension 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.

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

Plan Description - Council employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Council employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 10 – Defined Benefit Pension Plan (Continued)

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 Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information):

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

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 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 will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service. A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 10 – Defined Benefit Pension Plan (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections.

Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS Comprehensive Annual Financial Report.

Beginning in 2022, the combined plan will be consolidated under the traditional plan (defined benefit plan) and the combined plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
2021	
Employer	14.0 %
Employee	10.0 %
 2021	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council's contractually required contribution was \$11,307 for the year 2021. Of this amount, \$296 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Council's proportion of the net pension liability or asset was based on the Council'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:

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 10 – Defined Benefit Pension Plan (Continued)

	<u>OPERS</u>	
Proportionate share of the net pension liability	\$78,691	Traditional Plan
Proportionate share of the net pension asset	\$1,913	Combined Plan
Proportion of the net pension liability	0.00053142%	Traditional Plan
Proportion of the net pension asset	0.00066566%	Combined Plan
Pension expense	(\$10,247)	Traditional Plan
Pension expense	(\$177)	Combined Plan

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

	<u>OPERS- Traditional</u>	<u>OPERS- Combined</u>	<u>Total</u>
Deferred outflows of resources			
Change in assumptions	\$0	\$120	\$120
Council contributions subsequent to the measurement date	10,895	413	11,308
Change in proportionate share	4,025	0	4,025
Total deferred outflows of resources	<u>\$14,920</u>	<u>\$533</u>	<u>\$15,453</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$3,292	\$362	\$3,654
Difference between projected and actual Investment Earnings	30,673	285	30,958
Change in proportionate share	18	0	18
Total deferred inflows of resources	<u>\$33,983</u>	<u>\$647</u>	<u>\$34,630</u>

The Council reported \$11,308 as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pension will be recognized in pension expense as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 10 – Defined Benefit Pension Plan (Continued)

	<u>OPERS- Traditional</u>	<u>OPERS- Combined</u>	<u>Total</u>
Year Ending December31:			
2022	(\$9,893)	(\$138)	(\$10,031)
2023	(3,075)	(87)	(3,162)
2024	(12,656)	(153)	(12,809)
2025	(4,254)	(71)	(4,325)
2026	(31)	(31)	(62)
Thereafter	(48)	(48)	(96)
Total	<u>(\$29,957)</u>	<u>(\$528)</u>	<u>(\$30,485)</u>

Actuarial Assumptions – OPERS

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

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

Wage inflation	3.25 percent
Future salary increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or ad hoc COLA	Pre-1/7/13 Retirees: 3 percent, simple
	Post-1/7/13 Retirees: 0.5 percent, simple
	Through 2021, then 2.15 percent simple
Investment rate of return	7.2 percent
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013, retirees changing it from 1.4 percent simple through 2020 then 2.15 percent simple to 0.5 percent simple through 2021 then 2.15 percent simple.

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

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Note 10 – Defined Benefit Pension Plan (Continued)

by applying the MP-2015 mortality improvement scale to all of the above described tables. The most recent experience study was for the five year period ended December 31, 2015.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.7% for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees 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 table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
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%	

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.2 percent for both the Traditional Pension Plan and the Combined Plan. 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 statutorily required rates.

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 Council’s Proportionate Share of the Net Pension (Asset)/Liability to Changes in the Discount Rate - The following table presents the Council’s proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.2 percent, as well as what the Council’s proportionate share of the net pension liability/asset 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:

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Note 10 – Defined Benefit Pension Plan (Continued)

	1% Decrease	Current Discount Rate	1% Increase
	6.20%	7.20%	8.20%
Council's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$150,103	\$78,691	\$19,311
Combined Plan	(\$1,338)	(\$1,921)	(\$2,356)

During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

Note 11 – Defined Benefit OPEB Plan

Net OPEB Asset

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

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

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

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

The proportionate share of each plan's overfunded benefits is presented as a long-term *net OPEB asset* on the accrual basis of accounting. Any asset for the contractually-required OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 11 – Defined Benefit OPEB Plan (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 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 Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 11 – Defined Benefit OPEB Plan (Continued)

depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

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

The Council's contractually required contribution was \$0 for 2021.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and reemployed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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

The total OPEB asset for OPERS was 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. The Council's proportion of the net OPEB asset was based on the Council'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:

	OPERS
Proportion of the Net OPEB Asset	0.000532%
Proportionate Share of the Net OPEB Asset	\$9,474
OPEB Expense	(\$55,488)

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

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 11 – Defined Benefit OPEB Plan (Continued)

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	\$0
Net difference between projected and actual earnings on OPEB plan investments	0
Changes of assumptions	4,658
 Change in proportionate share	 2,449
Total Deferred Outflows of Resources	\$7,107
 Deferred Inflows of Resources	
Net differences between expected and actual experience	\$8,550
Net difference between projected and actual earnings on OPEB plan investments	5,045
Changes of assumptions	15,350
Change in proportionate share	49
Total Deferred Inflows of Resources	\$28,994

\$0 reported as deferred outflows of resources related to OPEB resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

	OPERS
Year Ending December 31:	
2022	(\$11,223)
2023	(7,876)
2024	(2,193)
2025	(595)
2026	0
Thereafter	0
Total	(\$21,887)

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

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 11 – Defined Benefit OPEB Plan (Continued)

assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate	
Current measurement date	8.5 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.5 percent, initial 3.5 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employee's 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 all of the above described tables.

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

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

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 11 – Defined Benefit OPEB Plan (Continued)

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 10.5 percent for 2020.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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 %
Real Estate Investment Trust	7.00 %	6.48 %
International Equities	25.00 %	7.36 %
Other investments	9.00 %	4.43 %
Total	<u>100.00 %</u>	

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 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 health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 11 – Defined Benefit OPEB Plan (Continued)

Sensitivity of the Council's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following table presents the Council's proportionate share of the net OPEB Asset calculated using the single discount rate of 6.00 percent, as well as what the Council's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.0 percent) than the current rate:

	1% Decrease (5%)	Current Discount Rate (6%)	1% Increase (7%)
Council's proportionate share Asset	\$2,356	\$9,474	\$15,325

Sensitivity of the Council's Proportionate Share of the Net OPEB 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. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary's 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.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
Council's proportionate share of the net OPEB asset	\$9,704	\$9,474	\$9,215

Changes Between the Measurement Date and the Reporting Date

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effect of these changes are unknown.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Note 12 - Other Employee Benefits

Compensated Absences

Council employees earn and accumulate vacation at varying rates depending on length of services. Current policy credits vacation leave on the employee's anniversary date when a service benchmark is reached, vacation is accrued regularly throughout the year. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by County policy and union contracts and accumulated without limit. Sick leave benefits are paid upon retirement based on various rates and maximums depending on the contract.

Note 13 –COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Council did not received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Council. The impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Delaware County Family and Children First Council
Schedule of Revenues, Expenses, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Intergovernmental	\$15,750	\$15,750	\$1,818	(\$13,932)
Local Contributions	45,000	45,000	60,000	15,000
Total Revenues	60,750	60,750	61,818	1,068
<u>Expenses</u>				
Personal Services	46,972	80,172	79,787	385
Fringe Benefits	16,071	22,021	21,478	543
Services and Charges	2,450	8,272	7,320	952
Materials and Supplies	2,000	2,000	64	1,936
Total Expenses	67,493	112,465	108,649	3,816
Changes in Fund Balance	(6,743)	(51,715)	(46,831)	4,884
Fund Balance at Beginning of Year	81,002	81,002	81,002	0
Fund Balance at End of Year	\$74,259	\$29,287	\$34,171	\$4,884

Delaware County Family and Children First Council
Schedule of Revenues, Expenses, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
System of Care
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$297,751	\$297,751	\$716,224	\$418,473
Total Revenues	297,751	297,751	716,224	418,473
Expenses				
Services and Charges	403,109	938,307	891,658	46,649
Total Expenses	403,109	938,307	891,658	46,649
Changes in Fund Balance	(105,358)	(640,556)	(175,434)	465,122
Fund Balance at Beginning of Year	256,671	256,671	256,671	0
Prior Year Encumbrances Appropriated	105,358	105,358	105,358	0
Fund Balance at End of Year	<u>\$256,671</u>	<u>(\$278,527)</u>	<u>\$186,595</u>	<u>\$465,122</u>

Delaware County Family and Children First Council
Schedule of Revenues, Expenses, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Help Me Grow
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Intergovernmental	\$579,978	\$579,978	\$684,977	\$104,999
Total Revenues	579,978	579,978	684,977	104,999
Expenses				
Services and Charges	631,533	683,335	683,335	0
Total Expenses	631,533	683,335	683,335	0
Excess of Revenues Over (Under) Expenditures	(51,555)	(103,357)	1,642	104,999
Changes in Fund Balance	(51,555)	(103,357)	1,642	104,999
Fund Balance at Beginning of Year	26,899	26,899	26,899	0
Prior Year Encumbrances Appropriated	51,555	51,555	51,555	0
Fund Balance at End of Year	<u>\$26,899</u>	<u>(\$24,903)</u>	<u>\$80,096</u>	<u>\$104,999</u>

Delaware County Family and Children First Council
Schedule of Revenues, Expenses, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Flexible Spending Pool
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Local Contributions	157,293	157,293	90,000	(67,293)
Total Revenues	157,293	157,293	90,000	(67,293)
Expenses				
Services and Charges	129,180	87,330	87,330	0
Total Expenses	129,180	87,330	87,330	0
Excess of Revenues Over (Under) Expenditures	28,113	69,963	2,670	(67,293)
Changes in Fund Balance	28,113	69,963	2,670	(67,293)
Fund Balance at Beginning of Year	204,293	204,293	204,293	0
Prior Year Encumbrances Appropriated	0	0	0	0
Fund Balance at End of Year	<u>\$232,406</u>	<u>\$274,256</u>	<u>\$206,963</u>	<u>(\$67,293)</u>

Delaware County Family and Children First Council
Delaware County, Ohio
Schedule of the Council's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System
Last Year

	2021
<u>Traditional Plan:</u>	
Council's Proportion of the Net Pension Liability	0.00053142%
Council's Proportionate Share of the Net Pension Liability	\$78,691
Council's Covered Payroll	\$77,821
Council's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	101.12%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%

	2021
<u>Combined Plan:</u>	
Council's Proportion of the Net Pension Asset	0.00066566%
Council's Proportionate Share of the Net Pension Asset	(\$1,913)
Council's Covered Payroll	\$2,943
Council's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	-65.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	157.67%

Note 1: Amounts presented as of the Council's measurement date which is the prior year. Although this schedule is intended to show information for ten years, information prior to 2020 is not available. An additional column will be added each year.

Note 2: There were no changes of benefit terms from the amounts reported for 2014-2020.

Note 3: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019 the following were the most significant changes of the assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2021.

Delaware County Family and Children First Council
Delaware County, Ohio
 Schedule of the Council's Pension Contributions
 Ohio Public Employees Pension Retirement System
 Last Year

	2021
Contractually Required Contribution	\$11,307
Contributions in Relation to the Contractually Required Contribution	(11,307)
Contribution Deficiency (excess)	0
Concil's Covered-Employee Payroll	\$80,764
Contributions as a Percentage of Covered-Payroll	14.00%

Delaware County Family and Children First Council
Delaware County, Ohio
Schedule of the Council's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System - OPEB Plan
Last Year

	2021
<u>Traditional Plan:</u>	
Council's Proportion of the Net OPEB Asset	0.000532%
Council's Proportionate Share of the Net OPEB Liability (Asset)	(\$9,474)
Council's Covered-Employee Payroll	\$77,821
Council's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-12.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%

Note 1: Amounts presented as of the Council's measurement date which is the prior year. Although this schedule is intended to show information for ten years, information prior to 2021 is not available. An additional column will be added each year.

Note 2: There were no changes in benefit terms from the amounts reported for 2017-2019.

Note 3: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement data: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement data: (a) the discount rate was increased from 3.85% up to 3.96% , (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.5%, initial/3.25%, ultimate in 2018 up to 10.00%, initial/3.25% ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.% initial/3.25% , ultimate in 2019 up to 10.50-%, initial/3.5% ultimate in 2030. On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes were effective January 1, 2022, and include changes to base allowance and eligibility for Medicare retirees as well as replacing OPERS sponsored medical plans for non-Medicare retirees with monthly allowances similar to the program for Medicare retirees. These changes are reflected in 2021.

Delaware County Family and Children First Council
Delaware County, Ohio
 Schedule of the Council's Contributions - OPEB
 Ohio Public Employees Retirement System
 Last Year

	2021
Contractually Required Contribution	\$0
Contributions in Relation to the Contractually Required Contribution	0
Contribution Deficiency (excess)	0
Council's Covered-Employee Payroll	\$80,764
Contributions as a Percentage of Covered- Employee Payroll	0.00%

The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

**DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
DELAWARE COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

Note 1 - Budgetary

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (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 Statements of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and

Actual - for the General Fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

	<u>General</u>	<u>System of Care</u>	<u>Help Me Grow</u>	<u>Flexible</u>
Budget Basis	(\$46,831)	(\$175,434)	\$1,642	\$2,670
Net Adjustment for Revenue Accruals	0	2,395	28,485	0
Net Adjustment for Expenditure Accruals	(1,377)	11,829	(25,980)	(18,835)
Adjustment for Encumbrances	0	115,282	51,802	26,084
GAAP Basis	<u>(\$48,208)</u>	<u>(\$45,928)</u>	<u>\$55,949</u>	<u>\$9,919</u>

OHIO AUDITOR OF STATE KEITH FABER



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

Delaware County Family and Children First Council
Delaware County
145 N. Union St., Second Floor
Delaware, Ohio 43015

To the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Delaware County Family and Children First Council, Delaware County, (the Council) as of and for the years ended December 31, 2022 and December 31, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated October 11, 2023. We noted the Council elected to change the presentation of the financial statements to be reported in accordance with accounting principles generally accepted in the United States of America (Generally Accepted Accounting Principles – GAAP) and the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Council.

Report on Internal Control Over Financial Reporting

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



Keith Faber
Auditor of State
Columbus, Ohio

October 11, 2023

OHIO AUDITOR OF STATE KEITH FABER



DELAWARE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

DELAWARE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/24/2023

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

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