



OHIO AUDITOR OF STATE
KEITH FABER



**DELAWARE PUBLIC HEALTH DISTRICT
DELAWARE COUNTY
DECEMBER 31, 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis General Fund.....	22
Notes to the Basic Financial Statements	23
Required Supplementary Information:	
Schedule of the Health District's Proportionate Share of the Net Pension Liability (Ohio Public Employees Retirement System).....	55
Schedule of the Health District's Pension Contributions (Ohio Public Employees Retirement System).....	56
Schedule of the Health District's Proportionate Share of the Net OPEB Liability (Ohio Public Employees Retirement System).....	57
Schedule of the Health District's OPEB Contributions (Ohio Public Employees Retirement System).....	58

DELAWARE PUBLIC HEALTH DISTRICT
DELAWARE COUNTY
DECEMBER 31, 2020

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Notes to Required Supplementary Information	59
Schedule of Expenditures of Federal Awards	61
Notes to the Schedule of Expenditures of Federal Awards	62
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	65
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	67
Schedule of Findings.....	69

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Delaware Public Health District
Delaware County
1 West Winter Street
PO Box 570
Delaware, Ohio 43015

To the Board of Health:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware Public Health District, Delaware County, Ohio (the Health District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Health District, as of December 31, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2020 the Health District elected to change the presentation of financial statements to be reported in accordance with accounting principles generally accepted in the United States of America (GAAP). The change in accounting principles caused a restatement of beginning fund balance. We did not modify our opinion regarding this matter.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Health District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2021, on our consideration of the Health District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Health District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 16, 2021

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**Delaware Public Health District
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

The discussion and analysis of the Delaware Public Health District's, Delaware County, Ohio (the "Health District") financial performance provides an overall review of the Health District's financial activities for the year ended December 31, 2020. The intent of this discussion and analysis is to look at the Health District'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 Health District's financial performance.

Financial Highlights

Key financial highlights for the year 2020 are as follows:

- In 2020, the Health District 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 2020, the total net position of the Health District increased \$876,879, which represents a 19.48 percent increase from December 31, 2019 (as restated - see Note 3).
- General revenues accounted for \$4,665,908 in revenue or 50.08 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,650,760 or 49.92 percent of total revenues of \$9,316,668.
- The Health District had \$8,439,789 in expenses related to governmental activities; \$4,650,760 of these expenses were offset by program specific charges for services, grants or contributions. General revenues support in governmental activities (primarily property tax, unrestricted grants and allocations) of \$4,665,908 were adequate to provide for these programs.
- The Health District's major funds are the General Fund and the Delaware Public Health District Building Fund. The General Fund had \$7,252,474 in revenues and other financing sources and \$6,289,731 in expenditures and other financing uses. During 2020, the General Fund's fund balance increased \$962,743 from \$3,944,519 (as restated-see Note 3) to \$4,907,262. This increase is primarily due to increased general fund services during 2020.
- During 2020, the Delaware Public Health District Building Fund's fund balance increased \$17,599 from \$5,170,856 (as restated - see Note 3) to a fund balance of \$5,188,455. The Delaware Public Health District Building Fund is a capital project fund created in 2019 to account for the construction costs of the new health district building. The construction is scheduled to be completed in 2021.
- During 2020, Nonmajor Governmental funds decreased \$61,509 from a balance of \$673,396 (as restated - see Note 3) to a balance of \$611,887 primarily due to increased grant expenditures.
- The Health District saw an increase in federal grant funding during 2020 due to the COVID-19 worldwide pandemic. The staff were reassigned from their regular duties to focus on responding to COVID through contact tracing and providing vaccine to the public. While this federal funding helped offset the cost associated with the COVID response, it did not cover all the costs and the General Fund was required to fund part of the response.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Health District 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 Health District as a whole, presenting both an aggregate view of the Health District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

**Delaware Public Health District
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Health District's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the Health District as a Whole Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the Health District to provide programs and activities, the view of the Health District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The statement of net position and the statement of activities answer this question. 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 District's net position and changes in net position. This change in net position is important because it tells the reader that for the Health District as a whole, the financial position of the District has improved or diminished. However, in evaluating the overall position of the Health District, 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 Health District's Most Significant Funds Fund Financial Statements

Fund financial reports provide detailed information about the Health District's major funds. The Health District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Delaware Public Health District Building Fund.

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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Health District maintains a multitude of individual governmental funds. The Health District has segregated these funds into major funds and nonmajor funds. The Health District's major governmental funds are the General Fund and the Delaware Public Health District Building Fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

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.

**Delaware Public Health District
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Required Supplementary Information (RSI)

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

The Health District as a Whole

Table 1 provides a summary of the Health District's net position at December 31, 2020. This is the District'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 1
Statement of Net Position**

	Governmental Activities
	2020
Assets	
Current and Other Assets	\$15,480,489
Capital Assets, Net	3,500,574
Total Assets	18,981,063
Deferred Outflows of Resources	
Pension	834,388
OPEB	597,795
Total Deferred Outflows of Resources	1,432,183
Liabilities	
Current liabilities	279,852
Long-Term Liabilities	
Due within one year	250,556
Amounts due in more than one year	517,804
Net pension liability	5,050,131
Net OPEB liability	3,591,966
Total liabilities	9,690,309
Deferred Inflows of Resources	
Property Taxes	3,740,396
Pension	1,092,601
OPEB	511,403
Total Deferred Inflows of Resources	5,344,400
Net Position	
Net investment in capital assets	3,441,875
Restricted	754,638
Unrestricted	1,182,024
Total Net Position	\$5,378,537

**Delaware Public Health District
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

The net pension liability (NPL) and the net other postemployment benefits (OPEB) liability combined are the largest liabilities reported by the Health District at December 31, 2020. 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 Health District'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 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 Health District 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 Health District's Board of Health pays for both the employer and employee shares of the pension obligation. Benefit provisions are also determined by state statute. 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.

**Delaware Public Health District
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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. 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 Health District'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 Health District's financial position.

Prior to the implementation of GASB 68 and GASB 75, the Health District reported a large balance for the net position for the Health District as a whole, as well as for its separate governmental activities. However, after implementation the unrestricted portion of net position now has a much lower balance in governmental activities.

Long-term liabilities increased primarily due to an increase in the net pension liability and net OPEB liability. These liabilities are outside of the control of the Health District. The Health District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to Health District employees, not the Health District. The pension and OPEB liabilities will fluctuate annually due to a number of factors including investment returns, actuarial assumptions used, and the Health District's 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 Health District'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 Health District not applied the requirements of GASB 68 and GASB 75, the unrestricted net position for the governmental activities would have been as follows for 2020:

**Delaware Public Health District
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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

	Governmental Activities
	2020
Unrestricted Net Position (with GASB 68/GASB 75)	\$1,182,024
<u>GASB 68 Calculation:</u>	
Add - Deferred Inflows-Pension	1,092,601
Add - Net Pension Liability	5,050,131
Less - Deferred Outflows - Pension	(834,388)
Less - Net Pension Asset	(58,610)
<u>GASB 75 Calculation:</u>	
Add: Deferred Inflows -OPEB	511,403
Add: Net OPEB Liability	3,591,966
Less: Deferred Outflows - OPEB	(597,795)
Unrestricted Net Position (without GASB 68/GASB 75)	\$9,937,332

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 Health District.

Table 3 reflects the change in net position for 2020. This is the Health District'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 Public Health District
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

**Table 3
Changes in Net Position**

	Governmental Activities
	2020
Revenues	
Program cash receipts:	
Charges for Services	\$2,574,729
Operating Grants and Contributions	2,076,031
Total Program Cash Receipts	4,650,760
General Revenues	
Property Taxes	3,718,165
Grants and Entitlements	878,846
Donations	41,208
Other	27,689
Total General Revenues	4,665,908
Total Revenues	9,316,668
Expenses	
Environmental Health	2,024,372
Preventative Health	2,935,026
Community Health	896,391
Administration	2,576,638
Interest and Fiscal Charges	7,362
Total Disbursements	8,439,789
Change in Net Position	876,879
Net Position at Beginning of Year (Restated)	4,501,658
Net Position at End of Year	\$5,378,537

**Delaware Public Health District
Delaware County, Ohio**

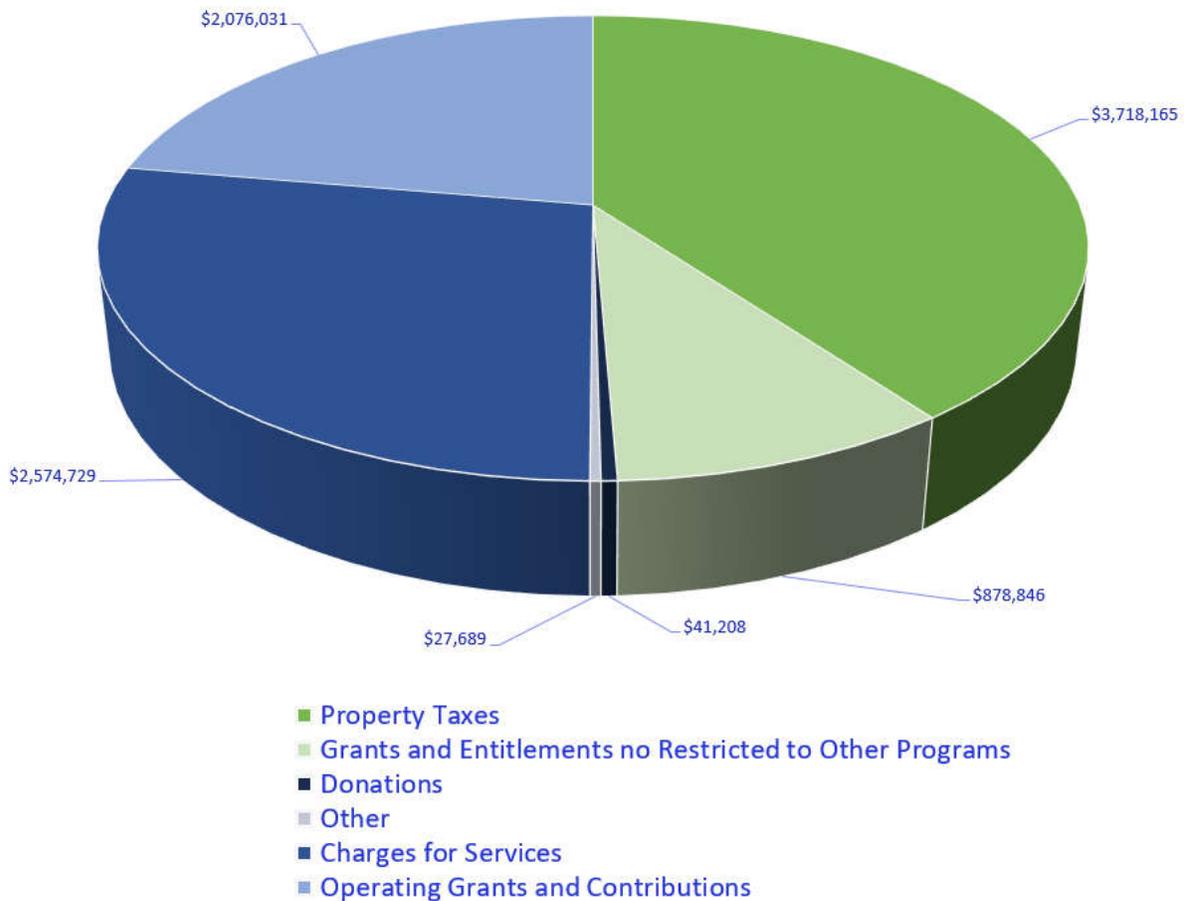
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Governmental Activities

In 2020, 50.08 percent of the Health District's total receipts were from general receipts, consisting mainly of property taxes levied for general Health District purposes. Program receipts accounted for 49.92 percent of the Health District's total receipts in year 2020. These receipts consist primarily of charges for services for birth and death certificates, food services licenses, plumbing permits, home sewage treatment installation permits, swimming pools permits, and water system permits and state and federal operating grants.

The Health District continues to see increases in property tax revenue each year. This is primarily due to the growing community the Health District serves. The Health District has also seen growth in plumbing permits revenue due to increased construction within Delaware County during 2020. As the community grows the need for inspections, licenses and permits grows.

2020 Delaware Public Health District - Revenues



**Delaware Public Health District
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

On the Statement of Activities for 2020, you will see that the first column lists the major expenses of the Health District. The next column identifies the amount of these expenses. In 2020, the major program expenses for governmental activities were: Environmental Health, Preventative Health, Community Health, Administration and Interest and Fiscal Charges, which accounted for 23.99, 34.78, 10.62, 30.53 and 0.09 percent of all governmental expenses, respectively. The next two columns of the statement entitled Program Revenues identify amounts paid by people who are directly charged for services and grants and contributions received by the Health District 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 Health District'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 2020	Net Cost of Service 2020
Environmental Health	\$2,024,372	\$31,675
Preventative Health	2,935,026	776,107
Community Health	896,391	678,549
Administration	2,576,638	2,295,336
Interest and Fiscal Charges	7,362	7,362
	\$8,439,789	\$3,789,029

The Health District has attempted to limit its dependence upon property taxes and local subsidies by actively pursuing federal grants and charging allowable rates for services that are closely related to costs. The Health District provides many services mandated by the state that are unfunded. The Health District is prohibited from charging for these mandated services.

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 Health District, requiring the Health District to recognize a pension/OPEB adjustment that increased expenses by \$696,484. 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.

**Delaware Public Health District
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

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

	Total Cost of Services	Net Cost of Services
Health	2020	2020
Environmental Health	\$1,849,238	(\$143,459)
Preventative Health	2,648,959	490,040
Community Health	788,452	570,610
Administration	2,449,294	2,167,992
Interest and Fiscal Charges	7,362	7,362
Total Expenses	\$7,743,305	\$3,092,545

The Health District's Funds

Total governmental funds had revenues and other financing sources of \$10,044,506 and expenses and other financing uses of \$9,125,673.

In 2020, the general fund had receipts of \$7,075,686 and expenses \$5,693,563. The Health District transferred \$596,168 from the general fund to the Delaware Public Health District building fund to pay for construction costs of the new Health District building. \$176,788 was transferred into the general fund from special revenue fund which had unexpended fund balances of grants that ended. This resulted in a general fund balance of \$4,907,262.

The Delaware Public Health District building capital project fund, a major fund, was established by the Health District Board in 2019 to account for capital costs needed to construct the Health District's new building. A transfer from the general fund was made in the amount of \$596,168 during 2020 to pay for these costs. The building is scheduled to be completed in 2021.

General Fund Budgeting Highlights

The Health District'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 2020, the Health District amended its appropriations, and the budgetary statements to reflect both the original and final appropriated amounts. The general fund's actual receipts collected were \$7,033,372, which is an 8.34 percent increase from the final budgeted receipts. The primary cause of this increase was due to an increase in the grant revenues and property tax revenue. Property tax increased due to the growth in the community serviced by the Health District.

Overall, actual budgetary expenditures of \$5,879,941 were 25.29 percent less than the final budgetary expenditures. The costs needed to provide services and charges were significantly less than the final budgeted expense due to reduced general fund services performed by staff due to COVID-19. Additionally, personal services and the related fringe benefits costs were less than expected due to a reduction in general fund operation due to staff responding to COVID-19.

**Delaware Public Health District
Delaware County, Ohio**

Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Capital Assets

At the end of 2020, the Health District had \$1,775,325 (net of accumulated depreciation) invested in buildings, machinery, and equipment. Table 6 shows 2020 balances. This is the Health District'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 6
Capital Assets at December 31
(Net of Depreciation)**

	<u>2020</u>
Land	\$1,020,073
Construction in Progress	705,176
Buildings	1,389,571
Machinery and Equipment	<u>385,754</u>
	<u><u>\$3,500,574</u></u>

See Note 6 to the basic financial statements for additional information on the Health District's capital assets.

Debt

At the end of 2020, the Health District had \$64,658 in outstanding debt. See note 7 to the basic financial statements for additional information on the Health District's debt.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Health District's finances and to reflect the Health District'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 Shelia Hiddleston, RN, MS, Health Commissioner, Delaware Public Health Department, 1-3 West Winter Street, Delaware Ohio 43015.

Delaware Public Health District
Delaware County
Statement of Net Position
December 31, 2020

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$10,506,154
Accounts Receivable	102,800
Due from Other Governments	871,856
Prepaid Items	52,493
Materials and Supplies Inventory	86,496
Net Pension Asset	58,610
Property Taxes Receivable	3,802,080
Nondepreciable Capital Assets	1,725,249
Depreciable Capital Assets, Net	1,775,325
Total Assets	18,981,063
<u>Deferred Outflows of Resources</u>	
Pension	834,388
OPEB	597,795
Total Deferred Outflows of Resources	1,432,183
Total Assets and Deferred Outflows of Resources	20,413,246
<u>Liabilities</u>	
Accrued Wages Payable	67,788
Accounts Payable	21,306
Matured Compensated Absences Payable	1,456
Contracts Payable	113,078
Unearned Revenue	439
Due to Other Governments	65,432
Retainage Payable	10,353
Long-Term Liabilities	
Due Within One Year	250,556
Due in More Than One Year	517,804
Net Pension Liability	5,050,131
Net OPEB Liability	3,591,966
Total Liabilities	9,690,309
<u>Deferred Inflows of Resources</u>	
Property Taxes	3,740,396
Pension	1,092,601
OPEB	511,403
Total Deferred Inflows of Resources	5,344,400
Total Liabilities and Deferred Inflows of Resources	15,034,709
<u>Net Position</u>	
Net Investment in Capital Assets	3,441,875
Restricted for:	
Environmental Health	362,015
Preventative Health	212,049
Community Health	43,221
Other Purposes	137,353
Unrestricted	1,182,024
Total Net Position	\$5,378,537

See accompanying notes to the basic financial statements

Delaware Public Health District
Delaware County
Statement of Activities
For the Year Ended December 31, 2020

	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				
Environmental Health	\$2,024,372	\$1,985,879	\$6,818	(\$31,675)
Preventative Health	2,935,026	305,403	1,853,516	(776,107)
Community Health	896,391	2,145	215,697	(678,549)
Administration	2,576,638	281,302	0	(2,295,336)
Interest and Fiscal Charges	7,362	0	0	(7,362)
Total Governmental Activities	\$8,439,789	\$2,574,729	\$2,076,031	(\$3,789,029)
General Revenues				
				3,718,165
				878,846
				41,208
				27,689
				4,665,908
				876,879
				4,501,658
				\$5,378,537

See accompanying notes to the basic financial statements

Delaware Public Health District
Delaware County
Balance Sheet
Governmental Funds
December 31, 2020

	General	Delaware Public Health District Building	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,602,904	\$5,308,868	\$594,382	\$10,506,154
Accounts Receivable	101,767	150	883	102,800
Due from Other Governments	603,782	0	268,074	871,856
Interfund Receivable	235,174	0	0	235,174
Prepaid Items	50,857	0	1,636	52,493
Materials and Supplies Inventory	86,496	0	0	86,496
Property Taxes Receivable	3,802,080	0	0	3,802,080
Total Assets	9,483,060	5,309,018	864,975	15,657,053
<u>Liabilities</u>				
Accrued Wages Payable	57,709	0	10,079	67,788
Accounts Payable	20,508	0	798	21,306
Matured Compensated Absences Payable	1,456	0	0	1,456
Contracts Payable	2,958	110,120	0	113,078
Unearned Revenue	0	0	439	439
Due to Other Governments	63,005	90	2,337	65,432
Retainage Payable	0	10,353	0	10,353
Interfund Payable	0	0	235,174	235,174
Total Liabilities	145,636	120,563	248,827	515,026
<u>Deferred Inflows of Resources</u>				
Property Taxes	3,740,396	0	0	3,740,396
Unavailable Revenue	689,766	0	4,261	694,027
Total Deferred Inflows of Resources	4,430,162	0	4,261	4,434,423
<u>Fund Balances</u>				
Nonspendable	137,353	0	1,636	138,989
Restricted	0	0	611,388	611,388
Assigned	1,442,969	5,188,455	0	6,631,424
Unassigned	3,326,940	0	(1,137)	3,325,803
Total Fund Balances	4,907,262	5,188,455	611,887	10,707,604
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$9,483,060	\$5,309,018	\$864,975	\$15,657,053

See accompanying notes to the basic financial statements

Delaware Public Health District
Delaware County
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
December 31, 2020

Total Governmental Fund Balances \$10,707,604

Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the funds 3,500,574

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	55,876	
Due from Other Governments	576,467	
Delinquent Property Taxes Receivable	61,684	
		694,027

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

Promissory Note	(64,658)	
Compensated Absences Payable	(703,702)	
		(768,360)

The net pension/OPEB - asset/liability is not due and receivable/payable 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	834,388	
Deferred Outflows of Resources - OPEB	597,795	
Deferred inflows of resources -Pension	(1,092,601)	
Deferred inflows of resources - OPEB	(511,403)	
Net pension asset	58,610	
Net OPEB liability	(3,591,966)	
Net pension liability	(5,050,131)	
		(8,755,308)

Net Position of Governmental Activities \$5,378,537

See accompanying notes to the basic financial statements

Delaware Public Health District
Delaware County
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Delaware Public Health District Building	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Property Taxes	\$3,699,495	\$0	\$0	\$3,699,495
Charges for Services	790,195	0	76,906	867,101
Licenses and Permits	1,218,396	0	468,123	1,686,519
Intergovernmental	1,297,394	0	1,650,685	2,948,079
Donations	41,208	0	0	41,208
Other	28,998	150	0	29,148
Total Revenues	7,075,686	150	2,195,714	9,271,550
<u>Expenditures</u>				
Current				
Health				
Environmental Health	1,358,254	0	434,900	1,793,154
Preventative Health	1,011,191	0	1,616,556	2,627,747
Community Health	719,049	0	28,979	748,028
Administration	2,381,708	0	0	2,381,708
Capital Outlay	43,361	578,719	0	622,080
Debt Service				
Principal Retirement	172,638	0	0	172,638
Interest and Fiscal Charges	7,362	0	0	7,362
Total Expenditures	5,693,563	578,719	2,080,435	8,352,717
Excess of Revenues Over (Under) Expenditures	1,382,123	(578,569)	115,279	918,833
<u>Other Financing Sources (Uses)</u>				
Transfers In	176,788	596,168	0	772,956
Transfers Out	(596,168)	0	(176,788)	(772,956)
Total Other Financing Sources (Uses)	(419,380)	596,168	(176,788)	0
Changes in Fund Balances	962,743	17,599	(61,509)	918,833
Fund Balances at Beginning of Year (Restated)	3,944,519	5,170,856	673,396	9,788,771
Fund Balances at End of Year	\$4,907,262	\$5,188,455	\$611,887	\$10,707,604

See accompanying notes to the basic financial statements

Delaware Public Health District
Delaware County
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2020

Changes in Fund Balances - Total Governmental Funds \$918,833

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year.

Capital Outlay - Nondepreciable Capital Assets	578,719	
Capital Outlay - Depreciable Capital Assets	43,361	
Depreciation	<u>(114,436)</u>	507,644

Revenues on the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.

Delinquent Property Taxes	18,670	
Charges for Services	22,073	
Intergovernmental	5,834	
Other	<u>(1,459)</u>	45,118

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position

Promissory Note	<u>172,638</u>	172,638
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Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences Payable-Governmental Activities		(70,870)
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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.

Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expenses in the statement of activities.		(823,870)
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Except for amounts reported as deferred inflows/outflows, changes in the net OPEB are reported as expense in the statement of activities.		<u>(420,271)</u>
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Change in Net Position of Governmental Activities		<u><u>\$876,879</u></u>
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See accompanying notes to the basic financial statements

Delaware Public Health District
Delaware County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$3,557,631	\$3,557,631	\$3,699,495	\$141,864
Charges for Services	536,500	536,500	659,577	123,077
Fines, Licenses and Permits	1,151,500	1,151,500	1,213,871	62,371
Intergovernmental:				
Apportionments	250,000	250,000	250,000	0
Grants	199,337	199,337	580,501	381,164
Other	512,975	512,975	491,242	(21,733)
Rent	115,249	115,249	108,262	(6,987)
Miscellaneous	168,895	168,895	30,424	(138,471)
Total Receipts	<u>6,492,087</u>	<u>6,492,087</u>	<u>7,033,372</u>	<u>541,285</u>
Disbursements				
Current:				
Health:				
Personal Services	3,488,913	3,632,669	2,973,567	659,102
Fringe Benefits	1,719,412	1,975,636	1,407,016	568,620
Services and Charges	1,274,886	1,254,910	952,627	302,283
Materials and Supplies	512,919	663,113	323,370	339,743
Capital Outlay	103,428	163,795	43,361	120,434
Debt Service:				
Principal Retirement	172,638	172,638	172,638	0
Interest and Fiscal Charges	7,362	7,362	7,362	0
Total Disbursements	<u>7,279,558</u>	<u>7,870,123</u>	<u>5,879,941</u>	<u>1,990,182</u>
Excess of Receipts Over (Under) Disbursements	<u>(787,471)</u>	<u>(1,378,036)</u>	<u>1,153,431</u>	<u>2,531,467</u>
Other Financing Sources (Uses)				
Transfers In	0	0	176,787	176,787
Transfers Out	0	(596,168)	(596,168)	0
Advances In	0	0	333,013	333,013
Advances Out	0	0	(568,187)	(568,187)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(596,168)</u>	<u>(654,555)</u>	<u>(58,387)</u>
Net Change in Fund Balance	(787,471)	(1,974,204)	498,876	2,473,080
Unencumbered Fund Balance Beginning of Year	4,061,698	4,061,698	4,061,698	0
Prior Year Encumbrances Appropriated	7,266	7,266	7,266	0
Fund Balance at End of Year	<u>\$3,281,493</u>	<u>\$2,094,760</u>	<u>\$4,567,840</u>	<u>\$2,473,080</u>

See accompanying notes to the basic financial statements

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Delaware Public Health District (the “Health District”), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Health District is a combined health district as defined by section 3709.07 of the Ohio Revised Code. An eight-member Board of Health (the “Board”) governs the Health District. Five members are appointed by the District Advisory Council on behalf of the townships, villages, cities and county. The Board appoints a health commissioner who oversees the employment of all employees.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the Health District are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Health District. The Health District’s services include communicable disease investigations, immunization clinics, inspections, public health nursing services, the issuance of health-related licenses and permits, and emergency response planning.

The Delaware County Auditor acts a fiscal agent for the Health District and the Delaware County Treasurer acts as custodian of all funds.

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

B. Component Units

Component units are legally separate organizations for which the Health District is financially accountable. The Health District is financially accountable for an organization if the Health District appoints a voting majority of the organization’s governing board; and (1) the Health District is able to significantly influence the programs or services performed or provided by the organization; or (2) the Health District is legally entitled to or can otherwise access the organization’s resources; the Health District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Health District is obligated for the debt of the organization. Component units may also include organization for which the Health District authorizes the issuance of debt or the levying of taxes or determines the budget, if there is also the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Health District. The Health District has no component units.

C. Public Entity Risk Pools and Related Organizations

The Health District participates in Public Entities Pool of Ohio, a public entity risk pool. This organization is presented in Note 8 to the financial statements.

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

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net position presents the governmental activities of the Health District at year end. The statement of activities compares expenses and program revenues for each program or function of the Health District's governmental activities. Expenses are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Health District 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 Health District, 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 Health District.

Fund Financial Statements

During the year, the Health District segregates transactions related to certain Health District 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 Health District 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. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Health District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Health District are presented in a single category (governmental).

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the Health District are financed. The following are the Health District's major governmental funds:

General Health Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Health District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Delaware Public Health District Building - This fund accounts for resources used for all costs related to the construction of the Health District's new building.

The other governmental funds of the Health District account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

C. 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 Health District 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.

D. 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.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Basis of Accounting (Continued)

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 Health District available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which the Health District 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 Health District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Health District 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.

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 Health District, see Notes 11 and 12 for deferred outflows of resources related to the Health District's net pension liability and net OPEB liability, 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 Health District, 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 Health District, 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 Health District, see Notes 11 and 12 for deferred inflows of resources related to the Health District's net pension liability and net OPEB liability, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Basis of Accounting (Continued)

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.

F. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Health District may appropriate. The appropriations resolution is the Board of Health's authorization to spend resources and sets annual limits on disbursements plus encumbrances at the level of control selected by the Board of Health. The legal level of control has been established by the Board of Health at the fund, department, and object level for all funds.

ORC Section 5705.28(C)(1) requires the Health District to file an estimate of contemplated revenue and expenses with the municipalities and townships within the Health District by about June 1 (forty-five days prior to July 15). The County Auditor cannot allocate property taxes from the municipalities and townships within the Health District if the filing has not been made.

ORC Section 3709.28 establishes budgetary requirements for the Health District, which are similar to ORC Chapter 5705 budgetary requirements. On or about the first Monday of April, the Health District must adopt an itemized appropriation measure. The appropriation measure, together with an itemized estimate of revenues to be collected during the next fiscal year, shall be certified to the county budget commission.

Subject to estimated resources, the Board of Health may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board of Health.

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

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

G. Accounts Receivable

Accounts receivables are stated as unpaid balances, less an allowance for doubtful accounts. The Health District 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 Health District's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

H. Cash and Investments

The County Treasurer is the custodian for the Health District's cash and investments. The County's cash and investment pool holds the Health District'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.

I. Capital Assets

Capital assets are reported in the applicable governmental activities columns in the government-wide financial statements, but are not reported in the fund financial statements. Capital assets are defined by the Health District as assets with initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at their acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Buildings	40-100 Years
Improvements Other than Buildings	20-100 Years
Machinery and Equipment	5-25 Years

J. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The Health District'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 Health District'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.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

K. 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”.

L. Compensated Absences

The Health District 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 liability is an estimate based on the Health District’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.

M. 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.

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Health District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Fund Balance (Continued)

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Health. Those committed amounts cannot be used for any other purpose unless the Board of Health removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

The Health District 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.

O. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

P. 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 Health District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2020.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Q. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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 Health District 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 Health District.

For the fiscal year ended December 31, 2020, the Health District 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 Health District 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.

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, 2019 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, 2019 fund cash balances for the governmental funds follows:

	Fund Cash Balance December 31, 2019	Major Fund Reclassification	Modified Accrual Basis Adjustments	Restated Fund Balance January 1, 2020
Governmental Funds:				
General Fund	\$4,068,966	\$0	(\$124,447)	\$3,944,519
Women, Infant & Children (WIC)	103,407	(103,407)	0	0
Food Service	161,189	(161,189)	0	0
Delaware Public Health District Building	5,190,429	0	(19,573)	5,170,856
Nonmajor Governmental Funds	324,339	264,596	84,461	673,396
Total Governmental Funds	<u>\$9,848,330</u>	<u>\$0</u>	<u>(\$59,559)</u>	<u>\$9,788,771</u>

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 3 – Change in Accounting Principles (Continued)

Under GAAP, the Health District's government-wide financial statements are prepared on the accrual basis of accounting. The government-wide financial statements show the Health District'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, 2020 to the net cash position as previously reported to reflect the prior year's effect of adopting these new accounting principles.

	Governmental Activities
Net Cash Position, December 31, 2019	\$9,848,330
Modified Accrual Basis Adjustments	(59,559)
Accrual Basis Adjustments:	
Net Pension Asset	23,530
Capital Assets, Net	2,992,930
Promissory Note	(237,296)
Deferred Outflows-Pension	2,087,085
Deferred Outflows-OPEB	261,781
Deferred Inflows-Recognition of Funds	
Unavailable Revenue	648,909
Compensated Absences	(632,832)
OPEB-Deferred Inflows	(9,057)
Pension-Deferred Inflows	(101,299)
Net OPEB liability	(3,338,027)
Net Pension Liability	(6,982,837)
Restricted Net Position, January 1, 2020	\$4,501,658

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 4 - Cash and Cash Equivalents with Fiscal Agent

As required by the Ohio Revised Code, the Delaware County Auditor is the fiscal agent of the Health District. The Health District'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, 2020 Comprehensive Annual 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, 2020 was \$10,506,154.

Note 5- Receivables

Receivables at December 31, 2020 consisted of charges for services (primarily billings from clinic services) and intergovernmental receivables arising from grants. Receivables have been recorded to the extent that they are measurable at December 31, 2020. 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	
Major Funds	
General Fund	
State Subsidies	\$72,136
Apportionments	250,000
Homestead and Rollback	225,409
Administration Billing (MAC)	49,462
Smoke Free	125
Grants	6,650
Total General Fund	<u>\$603,782</u>
Non-Major Funds	
Grants	<u>\$268,074</u>
Total Nonmajor Funds	<u>268,074</u>
Total Governmental Activities	<u><u>\$871,856</u></u>

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 6 - Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2020, was as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,020,073	\$0	\$0	\$1,020,073
Construction in Progress	126,457	578,719	0	705,176
Total NonDepreciable Capital Assets	1,146,530	578,719	0	1,725,249
Governmental Activities				
Depreciable Capital Assets				
Buildings	1,898,690	0	0	1,898,690
Machinery and Equipment	809,914	43,361	0	853,275
Total Depreciable Capital Assets	2,708,604	43,361	0	2,751,965
Less Accumulated Depreciation for :				
Buildings	(466,979)	(42,140)	0	(509,119)
Machinery and Equipment	(395,225)	(72,296)	0	(467,521)
Total Accumulated Depreciation	(862,204)	(114,436)	0	(976,640)
Total Depreciable Capital Assets, Net	1,846,400	(71,075)	0	1,775,325
Governmental Activities Capital Assets, Net	\$2,992,930	\$507,644	\$0	\$3,500,574

Depreciation expense was charged to governmental functions as follows:

<u>General Government</u>	
Administration	\$82,476
Environmental Health	28,816
Preventative Health	3,144
Total Depreciation Expense Governmental Activities	\$114,436

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 7 - Long-Term Obligations

During 2020, the following activity occurred in the Health District's governmental long-term obligations:

	Balance			Balance	
	January 1,			December 31,	Due Within
	2020	Additions	Reductions	2020	One Year
<u>Governmental Activities</u>					
Mortgage Note Payable	\$237,296	\$0	(\$172,638)	\$64,658	\$64,658
Net Pension Liability	6,982,837	0	(1,932,706)	5,050,131	0
Net OPEB Liability	3,338,027	253,939	0	3,591,966	0
Compensated Absences Payable	<u>632,832</u>	<u>285,412</u>	<u>(214,542)</u>	<u>703,702</u>	<u>185,898</u>
Total Long-Term Debt Obligations	<u>\$11,190,992</u>	<u>\$539,351</u>	<u>(\$2,319,886)</u>	<u>\$9,410,457</u>	<u>\$250,556</u>

See Notes 11 and 12 for further information on the Health District's net pension liability and net OPEB liability, respectively. The Health District pays obligations related to employee compensation from the fund benefitting from their services.

The following is a summary of the Health District's future annual debt service requirements for governmental activities:

Year	Loans	
	Principal	Interest
2021	\$64,658	\$650

Leases

The Health District leases a satellite office in Sunbury to provide services such as immunization, health screenings, pregnancy and HIV testing, plumbing permits, food licenses and birth/death certificates. The Health District disbursed \$28,653 to pay lease cost for the year ended December 31, 2020. The Health District has signed a five-year agreement to occupy this location but has the option to cancel the lease agreement in June 2021. Future lease payments are as follows:

Year	Amount
2021	\$28,570
2022	28,896
2023	29,221
Total	<u>\$86,687</u>

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 8 – Risk Management

The Health District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Health District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Health District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2020, PEP retained \$500,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2020:

	<u>2020</u>
Assets	<u>\$57,336,449</u>
Liabilities	<u>(16,156,805)</u>
Net Position	<u><u>\$41,179,644</u></u>

At December 31, 2020, the liabilities above include approximately \$14 million of estimated incurred claims payable. The assets above also include approximately \$13.5 million of unpaid claims to be billed. The Pool's membership increased from 553 members in 2019 to 571 members in 2020. These amounts will be included in future contributions from members when the related claims are due for payment.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 8 – Risk Management (Continued)

Based on discussions with PEP the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP

2020	2019	2018
\$39,260	\$36,286	\$33,718

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Note 9 – Contingent

A. Grants

The Health District 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 Health District; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Health District.

B. Litigation

The Health District is not currently involved in litigation.

Note 10 - Other Commitments

The Health District 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 Health District’s commitments for encumbrances (not already included in payables) in the governmental funds were as follows:

	Year-End Encumbrances
General Fund	\$35,066
Food Services	671
Total Year-End Encumbrances	\$35,737

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11– Defined Benefit Pension Plans

Net Pension Liability/Asset

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 Health District'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 Health District's obligation for this liability to annually required payments. The Health District cannot control benefit terms or the manner in which pensions are financed; however, the Health District 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.

**Delaware Public Health District
Delaware County**
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11– Defined Benefit Pension Plans (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Health District 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. Health District 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 Comprehensive Annual 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 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11– Defined Benefit Pension Plans (Continued)

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:

	State and Local
2020	
Employer	14.0 %
Employee	10.0 %
2020	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11– Defined Benefit Pension Plans (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For the Health District, the Board of Health pays both the employee and employer contributions.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Health District's contractually required contribution was \$547,657 for the year 2020. Of this amount, \$10,291 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, 2019, 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 Health District's proportion of the net pension liability or asset was based on the Health District'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:

	<u>OPERS</u>	
Proportionate share of the net pension liability	\$5,050,131	Traditional Plan
Proportionate share of the net pension asset	\$58,610	Combined Plan
Proportion of the net pension liability	0.02555000%	Traditional Plan
Proportion of the net pension asset	0.02810700%	Combined Plan
Pension expense	\$814,384	Traditional Plan
Pension expense	\$9,486	Combined Plan

At December 31, 2020, the Health District 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	\$269,736	\$6,043	\$275,779
Health District contributions subsequent to the measurement date	538,171	9,486	547,657
Change in proportionate share	10,952	0	10,952
Total deferred outflows of resources	<u>\$818,859</u>	<u>\$15,529</u>	<u>\$834,388</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$63,727	\$13,760	\$77,487
Difference between projected and actual Investment Earnings	1,007,512	7,602	1,015,114
Total deferred inflows of resources	<u>\$1,071,239</u>	<u>\$21,362</u>	<u>\$1,092,601</u>

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11– Defined Benefit Pension Plans (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS) (Continued)

The Health District reported \$547,657 as deferred outflows of resources related to pension resulting from Health District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021. 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 December31:			
2020	\$111,913	\$3,735	\$115,648
2021	321,058	3,592	324,650
2022	(41,634)	1,472	(40,162)
2023	399,216	4,255	403,471
2024	0	794	794
Thereafter	0	1,469	1,469
Total	<u>\$790,553</u>	<u>\$15,317</u>	<u>\$805,870</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, 2019, 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: 3 percent, simple
	Through 2018, then 2.15 percent simple
Investment rate of return	7.2 percent
Actuarial cost method	Individual entry age

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

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11– Defined Benefit Pension Plans (Continued)

Actuarial Assumptions – OPERS (Continued)

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 17.2% for 2019.

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 2019 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%	1.83%
Domestic equities	19.00%	5.75%
Real estate	10.00%	5.20%
Private equity	12.00%	10.70%
International equities	21.00%	7.66%
Other investments	13.00%	4.98%
Total	100.00%	5.95%

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.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 11– Defined Benefit Pension Plans (Continued)

Actuarial Assumptions – OPERS (Continued)

Sensitivity of the Health District’s Proportionate Share of the Net Pension (Asset)/Liability to Changes in the Discount Rate - The following table presents the Health District’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 Health District’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 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
Health District’s proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$8,313,000	\$5,050,131	\$2,098,140
Combined Plan	(\$35,415)	(\$58,609)	(\$75,326)

Note 12– Defined Benefit Other Post Employment Liability Plans (OPEB)

Net OPEB Liability

The net OPEB liability 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 liability represents the Health District’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 liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the Health District’s obligation for this liability to annually required payments. The Health District cannot control benefit terms or the manner in which OPEB are financed; however, the Health District 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 liability 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.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12– Defined Benefit Other Post Employment Liability Plans (OPEB) (Continued)

Net OPEB Liability (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability 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)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, 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 2020, 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.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12– Defined Benefit Other Post Employment Liability Plans (OPEB) (Continued)

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

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 2018 was 4.0 percent.

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

The Health District’s contractually required contribution was \$0 for 2020.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Health District’s proportion of the net OPEB liability was based on the Health District’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:

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

	OPERS
Proportion of the Net OPEB Liability	0.026005%
Proportionate Share of the Net OPEB Liability	\$3,591,966
OPEB Expense	\$420,271

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12– Defined Benefit Other Post Employment Liability Plans (OPEB) (Continued)

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

At December 31, 2020, the Health District’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	\$96
Net difference between projected and actual earnings on OPEB plan investments	0
Changes of assumptions	568,570
Change in proportionate share	29,129
Total Deferred Outflows of Resources	\$597,795
Deferred Inflows of Resources	
Net differences between expected and actual experience	\$328,501
Net difference between projected and actual earnings on OPEB plan investments	182,902
Total Deferred Inflows of Resources	\$511,403

\$0 reported as deferred outflows of resources related to OPEB resulting from Health District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS
Year Ending December 31:	
2020	(\$106,692)
2021	(57,710)
2022	(146)
2023	78,156
2024	0
Thereafter	0
Total	(\$86,392)

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12– Defined Benefit Other Post Employment Liability Plans (OPEB) (Continued)

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 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, 2018, rolled forward to the measurement date of December 31, 2019. 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	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement date	2.75 percent
Prior Measurement date	3.31 percent
Health Care Cost Trend Rate	
Current measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior Measurement date	7.5 percent, initial 3.25 percent, ultimate in 2028
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.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12– Defined Benefit Other Post Employment Liability Plans (OPEB) (Continued)

Actuarial Assumptions – OPERS (Continued)

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 2019, 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 2019.

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 2019 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	36.00 %	1.53 %
Domestic Equities	21.00 %	5.75 %
Real Estate Investment Trust	6.00 %	5.69 %
International Equities	23.00 %	7.66 %
Other investments	14.00 %	4.90 %
Total	<u>100.00 %</u>	<u>5.16 %</u>

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12– Defined Benefit Other Post Employment Liability Plans (OPEB) (Continued)

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 2.75 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Health District’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the Health District’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the Health District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
Health District's proportionate share of the net OPEB liability	\$4,700,664	\$3,591,966	\$2,704,260

Sensitivity of the Health District’s Proportionate Share of the Net OPEB Liability 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 2020 is 10.50 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.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 12– Defined Benefit Other Post Employment Liability Plans (OPEB) (Continued)

Sensitivity of the Health District’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate (Continued)

	Current Health Care Cost Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
Health District's proportionate share of the net OPEB liability	\$3,485,970	\$3,591,966	\$3,696,611

Changes Between the Measurement Date and the Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees as well as replacing OPERS sponsored medical plans for pre-Medicare retirees with monthly allowances similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Social Security

All the Health District board members contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Board members contribute 6.2 percent of the member’s attendance fee for attending monthly board of health meetings. The Health District has paid all contributions required through December 31, 2020.

Note 13 - Other Employee Benefits

Compensated Absences

Employees earn between 12 and 30 days of vacation time per year depending upon service with the Health District. Up to three times the employee’s annual rate may be carried over into the next calendar year. Vacation time more than three times the employee’s annual rate will be forfeited by the employee.

Employees earn sick leave at the rate 4.6 hours per 80 hours worked. Sick leave accumulation is unlimited. Upon retirement or death, an employee with five-nine years of service can be paid 25% of their sick leave balance up to 480 hours. Employee with 10 years of services can be paid 50% of their sick leave balance up to 480 hours. Any sick leave hours employee bring from another government are not eligible to be paid out.

Non-exempt employees are paid their unused comp time balance upon separation.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 14 – Construction and Other Significant Commitments

The Health District has outstanding contracts for professional services and construction. The following amounts remain on these contracts as of December 31, 2020:

	Contract Amount	Amount Paid as of 12/31/20	Outstanding Balance
Knoch Construction Corporation	\$6,405,996	\$151,528	\$6,254,468
Moody Nolan	474,050	344,017	\$130,033
	\$6,880,046	\$495,545	\$6,384,501

Note 15 - Fund Balance

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

Fund Balance	General	Delaware Public Health District Building	Other Governmental
Nonspendable for:			
Prepaid Items	\$50,857	\$0	\$1,636
Materials and Supplies Inventory	86,496	0	0
Total Nonspendable	137,353	0	1,636
Restricted for:			
WIC	0	0	212,049
Food Service	0	0	225,522
Campgrounds	0	0	6,783
Water System	0	0	16,889
Solid Waste	0	0	43,124
Swimming Pool	0	0	68,061
Safe Route 23 Corridor	0	0	38,960
Total Restricted	0	0	611,388
Assigned for:			
Construction	0	5,188,455	0
Unpaid Obligations	35,066	0	0
Future Obligations	1,407,903	0	0
Total Assigned	1,442,969	5,188,455	0
Unassigned	3,326,940	0	(1,137)
Total Fund Balance	\$4,907,262	\$5,188,455	\$611,887

Note 15 - 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

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 15 – Budgetary (Continued)

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:

	Budget Basis	\$498,876
Net Adjustment for Revenue Accruals		42,316
Net Adjustment for Expenditure Accruals		151,312
Net Adjustment of Other Sources/Uses		235,174
Adjustment for Encumbrances		35,065
	GAAP Basis	\$962,743

Note 16 – Transfers

During 2020, the following transfers were made:

<u>Transfers to Delaware Public Health District Building Fund from:</u>	
General Fund	\$596,168
 <u>Transfers to General Fund from:</u>	
Maternal and Child Health	24,535
Creathing Healthy Communities	35,408
Injury Prevention	27,692
Immunization Action Plan	46,030
Public Health Emergency Planning	43,123
	176,788
	\$772,956

The transfer to the Delaware Public Health District Building Fund above represents the allocation of unrestricted receipts collected in the general fund which will be used to finance the construction cost related to the new Health District building which will be completed in 2021.

The transfers to the General Fund from various special revenue funds represent the unexpended balance of special revenue funds which were originally funded through a transfer from the general fund. The activity in the funds have ceased as the grants have ended. Ohio revised code allows for the unexpended balance to be returned to the original funding source.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 17 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Health District. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2020 with real property taxes.

The full tax rate for all Health District operations for the year ended December 31, 2020, was \$.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

	<u>Tax Year 2019</u>
Real Property	\$7,888,804,530
Tangible Public Utility Property	409,824,500
Total Assessed Valuation	<u>\$8,298,629,030</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Health District. The County Auditor periodically remits to the Health District its portion of the taxes collected.

Note 18 – Tax Abatement Agreements Entered into by Delaware County

Delaware County (the “County”) entered into property tax abatement agreements with property owners under Enterprise Zone Agreements (EZAs) and the Ohio Community Reinvestment Area (CRA) program with the taxing districts of the Health District. The County has offered CRA abatements to business based upon substantial project investment into the County.

On July 26, 2006, the County entered into CRA agreement with Citicorp North America Inc. In exchange for the CRA, Citicorp invested over \$500,000,000 million to create 60 high-paying jobs. The County provided a property tax abatement in the amount of \$39,200,000. Under this agreement, the Health District’s property taxes were reduced by \$21,409. The Health District is not receiving any amounts from the County in association with the forgone property tax revenue.

Note 19 –COVID-19

COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID 19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Health District. The impact of the Health District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act 2021, passed by Congress on December 21, 2020, and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Delaware Public Health District
Delaware County, Ohio
 Schedule of the Health District's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System
 Most Current Year

	2020
<u>Traditional Plan:</u>	
Health District's Proportion of the Net Pension Liability	0.0255500%
Health District's Proportionate Share of the Net Pension Liability	\$5,050,131
Covered Payroll	\$3,844,078
Health District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	131.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%

	2020
<u>Combined Plan:</u>	
Health District's Proportion of the Net Pension Asset	0.0281070%
Health District's Proportionate Share of the Net Pension Asset	\$58,610
Covered Payroll	\$67,757
Health District's Proportionate Share of the Net Pension Asset as a Percentage of its Covered Payroll	86.50%

Note: See accompanying notes to the required supplementary information.

Delaware Public Health District
Delaware County, Ohio
 Schedule of Health District's Pension Contributions
 Ohio Public Employees Pension Retirement System
 Most Current Year

	2020
Contractually Required Contribution	\$547,657
Contributions in Relation to the Contractually Required Contribution	(547,657)
Contribution Deficiency (excess)	0
Contractually Required Contribution/Contributions as a Percentage of Covered Payroll	\$3,911,835
Contributions as a Percentage of Covered- Payroll	14.00%

Note: See accompanying notes to the required supplementary information.

Delaware Public Health District
Delaware County, Ohio
 Schedule of the Health District's Proportionate Share of the Net OPEB Liability
 Ohio Public Employees Retirement System - OPEB Plan
 Most Current Year

	2020
<u>Traditional Plan:</u>	
Health District's Proportion of the Net OPEB Liability	0.0260050%
Health District's Proportionate Share of the Net OPEB Liability	\$3,591,966
Health District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	\$3,911,835
Health District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.82%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%

Note: See accompanying notes to the required supplementary information.

Delaware Public Health District
Delaware County, Ohio
 Schedule of Health District's Contributions - OPEB
 Ohio Public Employees Retirement System
 Most Current Year

	2020
Contractually Required Contribution	\$0
Contributions in Relation to the Contractually Required Contribution	0
Contribution Deficiency (excess)	0
Contractually Required Contribution/Contributions as a Percentage of Covered-Employee Payroll	\$3,911,835
OPEB Contributions as a Percentage of Covered- Employee Payroll	0.00%

Note: See accompanying notes to the required supplementary information.

**Delaware Public Health District
Delaware County, Ohio**

Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Note 1 - Net Pension Liability

Amounts presented as of the Health District'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.

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

There were no changes in the 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 2020.

Note 2 - Net OPEB Liability

Amounts presented as of the Health District'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.

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

There were no changes in the 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 2020.

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DELAWARE PUBLIC HEALTH DISTRICT
DELAWARE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Health</i>				
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02110011WA1320	\$0	\$443,439
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02110011WA1421	0	127,632
Total U.S. Department of Agriculture			0	571,071
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed through Ohio Department of Transportation</i>				
State and Community Highway Safety (Highway Safety Cluster)	20.600	SC-2020-Delaware General Health D-00022	0	19,526
State and Community Highway Safety (Highway Safety Cluster)	20.600	SC-2021-Delaware General Health D-00004	0	4,261
Total U.S. Department of Transportation			0	23,787
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Department of Health</i>				
Coronavirus Relief Fund	21.019	02110012CT0120	0	521,927
Coronavirus Relief Fund	21.019	02110012CO0121	0	330,634
Coronavirus Relief Fund	21.019	02110012VN0121	0	20,000
Coronavirus Relief Fund	21.019	234	0	100,000
Total U.S. Department of Treasury			0	972,561
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Health</i>				
Public Health Emergency Preparedness	93.069	02110012PH1120	0	89,719
Public Health Emergency Preparedness	93.069	02110012PH1221	0	35,599
Immunization Cooperative Agreements	93.268	02110012GV0220	0	15,444
Immunization Cooperative Agreements	93.268	02110012GV0321	0	2,872
National State Based Tobacco Control Programs	93.305	02110014TU0320	0	3,400
Epidemiology and Laboratory Capacity of Infectious Diseases (ELC)	93.323	02110012CT0121	0	5,698
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	02110012CO0120	0	197,633
Total U.S. Department of Health and Human Services			0	350,365
Total Expenditures of Federal Awards			\$0	\$1,917,784

The accompanying notes are an integral part of this schedule.

**DELAWARE PUBLIC HEALTH DISTRICT
DELAWARE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Delaware Public Health District (the District) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The District did not provide funds to subrecipients during the audit period.

NOTE E - MATCHING REQUIREMENTS

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

NOTE F – IDENTIFICATION OF GRANTS RECEIVED THROUGH OHIO DEPARTMENT OF HEALTH

Federal Entity:	Department of Agriculture
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	WIC Administration Program
Federal CFDA#:	10.557
Project Number:	02110011WA1320
2020 Receipt Amount:	\$558,626

Federal Entity: Department of Health and Human Services
Pass-Through Entity: Ohio Department of Health
Federal Grant: Public Health Emergency Response
Federal CFDA#: 93.354
Project Number: 02110012CO0120
2020 Receipt Amount: \$197,633

Federal Entity: Department of Treasury
Pass-Through Entity: Ohio Department of Health
Federal Grant: Coronavirus Relief Fund
Federal CFDA#: 21.019
Project Number: 02110012CO0121
2020 Receipt Amount: \$330,634

Federal Entity: Department of Treasury
Pass-Through Entity: Ohio Department of Health
Federal Grant: Coronavirus Relief Fund
Federal CFDA#: 21.019
Project Number: 02110012CT0120
2020 Receipt Amount: \$391,444

Federal Entity: Department of Treasury
Pass-Through Entity: Ohio Department of Health
Federal Grant: Coronavirus Relief Fund
Federal CFDA#: 21.019
Project Number: 02110012VN0121
2020 Receipt Amount: \$20,000

Federal Entity: Department of Health and Human Services
Pass-Through Entity: Ohio Department of Health
Federal Grant: Public Health Emergency Preparedness
Federal CFDA#: 93.069
Project Number: 02110012PH1120
2020 Receipt Amount: \$120,675

Federal Entity: Department of Health and Human Services
Pass-Through Entity: Ohio Department of Health
Federal Grant: Public Health Emergency Preparedness
Federal CFDA#: 93.069
Project Number: 02110012PH1221
2020 Receipt Amount: \$35,599

Federal Entity: Department of Health and Human Services
Pass-Through Entity: Ohio Department of Health
Federal Grant: Preventative Health and Health Service Block Grant
Federal CFDA#: 93.991
Project Number: 02110014CC0619
2020 Receipt Amount: \$35,516

Federal Entity: Department of Health and Human Services
Pass-Through Entity: Ohio Department of Health
Federal Grant: Immunization Cooperative Agreement
Federal CFDA#: 93.268
Project Number: 02110012GV0220
2020 Receipt Amount: \$26,112

Federal Entity: Department of Health and Human Services
Pass-Through Entity: Ohio Department of Health
Federal Grant: Immunization Cooperative Agreement
Federal CFDA#: 93.268
Project Number: 02110012GV0321
2020 Receipt Amount: \$2,872

Federal Entity: Department of Health and Human Services
Pass-Through Entity: Ohio Department of Health
Federal Grant: National State Based Tobacco Control Programs
Federal CFDA#: 93.305
Project Number: 02110014TU0320
2020 Receipt Amount: \$5,000

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 Public Health District
Delaware County
1 West Winter Street
PO Box 570
Delaware, Ohio 43015

To the Board of Health:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware Public Health District, Delaware County, (the Health District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Health District's basic financial statements and have issued our report thereon dated September 16, 2021, wherein we noted the change in presentation of the financial statements to be reported in accordance with accounting principles generally accepted in the United States of America (GAAP). We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Health District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Health District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Health District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Health District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Health District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Health District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Health District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 16, 2021

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Delaware Public Health District
Delaware County
1 West Winter Street
Delaware, Ohio 43015

To the Board of Health:

Report on Compliance for the Major Federal Program

We have audited the Delaware Public Health District's (the Health District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Delaware Public Health District's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Health District's major federal program.

Management's Responsibility

The Health District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Health District's compliance for the Health District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Health District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Delaware Public Health District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The Health District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Health District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Health District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 16, 2021

**DELAWARE PUBLIC HEALTH DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 21.019 Coronavirus Relief Fund
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



DELAWARE PUBLIC HEALTH DISTRICT

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 9/30/2021

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