

DELAWARE PUBLIC HEALTH DISTRICT
DELAWARE COUNTY, OHIO

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

**DELAWARE PUBLIC HEALTH DISTRICT
DELAWARE COUNTY, OHIO**

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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 Audit of the Financial Statements***Opinions***

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, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Delaware Public Health District's basic financial statements as listed in the table of contents.

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 Delaware Public Health District, as of December 31, 2021, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Delaware Public Health District. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delaware Public Health District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2022 on our consideration of the Delaware Public Health District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Delaware Public Health District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Delaware Public Health District's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 27, 2022

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

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

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, 2021. 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 2021 are as follows:

- For 2021, the total net position of the Health District increased \$5,469,841, which is over a 100.00 percent increase from December 31, 2020. This is primarily due to the reduction in pension/OPEB liability.
- General revenues accounted for \$4,882,382 in revenue or 47.11 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,482,491 or 52.89 percent of total revenues of \$10,364,873.
- The Health District had \$4,895,032 in expenses related to governmental activities; \$3,256,567 of these expenses were offset by program specific charges for services, \$2,225,924 of these expenses were offset by grants or contributions. Program revenues were greater than normal due to increased receipts from giving vaccinations and issuing plumbing permits. General revenues support in governmental activities (primarily property tax, unrestricted grants, and allocations) totaled \$4,882,382.
- The Health District's major funds are the General Fund and the Delaware Public Health District Building Fund. The General Fund had \$7,775,569 in revenues and other financing sources and \$6,032,482 in expenditures and other financing uses. During 2021, the General Fund's fund balance increased \$1,743,087 to \$6,650,349. This increase is primarily due to the decrease in pension/OPEB liability.
- During 2021, the Delaware Public Health District Building Fund's fund balance decreased \$3,317,980 to a fund balance of \$1,870,475. This decrease is due to construction costs of the Health District's building which will be used as its headquarters. The building was originally scheduled to be completed in 2021, however, due to supplies and staffing shortages the completion date is now scheduled for November 2022.
- During 2021, Nonmajor Governmental funds increased \$213,681 to a balance of \$825,568 primarily due to increased grant revenues.
- The Health District saw an increase in federal grant funding during 2021 due to the COVID-19 worldwide pandemic. The staff were reassigned from their regular duties to focus on responding to COVID through case management, disease investigation and contact tracing. 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 long-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, 2021

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 2021?" 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, if 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, 2021

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 liability and OPEB asset.

The Health District as a Whole

Table 1 provides a summary of the Health District's net position at December 31, 2021. A comparative analysis is presented below:

**Table 1
Statement of Net Position**

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	<u>2021</u>	<u>2020</u>
Assets		
Current and Other Assets	\$15,152,496	\$15,480,489
Capital Assets, Net	6,768,177	3,500,574
Total Assets	21,920,673	18,981,063
Deferred Outflows of Resources		
Pension	802,816	834,388
OPEB	384,969	597,795
Total Deferred Outflows of Resources	1,187,785	1,432,183
Liabilities		
Current liabilities	433,702	279,852
Long-Term Liabilities		
Due within one year	211,196	250,556
Amounts due in more than one year	445,624	517,804
Net pension liability	4,041,499	5,050,131
Net OPEB liability	0	3,591,966
Total liabilities	5,132,021	9,690,309
Deferred Inflows of Resources		
Property Taxes	3,863,163	3,740,396
Pension	1,759,291	1,092,601
OPEB	1,505,605	511,403
Total Deferred Inflows of Resources	7,128,059	5,344,400
Net Position		
Net investment in capital assets	6,768,177	3,441,875
Restricted	1,152,378	754,638
Unrestricted	2,927,823	1,182,024
Total Net Position	\$10,848,378	\$5,378,537

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

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

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, 2021. 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 asset 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, 2021

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/asset, 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 asset 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 2021:

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

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

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

	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
Unrestricted Net Position (with GASB 68/GASB 75)	\$2,927,823	\$1,182,024
<u>GASB 68 Calculation:</u>		
Add: Deferred Inflows-Pension	1,759,291	1,092,601
Add: Net Pension Liability	4,041,499	5,050,131
Less - Deferred Outflows - Pension	(802,816)	(834,388)
Less - Net Pension Asset	(44,382)	(58,610)
<u>GASB 75 Calculation:</u>		
Add: Deferred Inflows -OPEB	1,505,605	511,403
Add: Net OPEB Liability	0	3,591,966
Less: Net OPEB Asset	(492,797)	0
Less: Deferred Outflows - OPEB	(384,969)	(597,795)
Unrestricted Net Position (without GASB 68/GASB 75)	<u>\$8,509,254</u>	<u>\$9,937,332</u>

As illustrated above, removal of the unfunded liability of the pension 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 plan against the Health District.

Table 3 reflects the change in net position for 2021. A comparative analysis is presented below:

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

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

**Table 3
Changes in Net Position**

	<u>Governmental Activities</u>	<u>Governmental Activities</u>
	2021	2020
Revenues		
Program cash receipts:		
Charges for Services	\$3,256,567	\$2,574,729
Operating Grants and Contributions	2,225,924	2,076,031
Total Program Cash Receipts	<u>5,482,491</u>	<u>4,650,760</u>
General Revenues		
Property Taxes	3,763,808	3,718,165
Grants and Entitlements	1,109,086	878,846
Donations	6,556	41,208
Other	2,932	27,689
Total General Revenues	<u>4,882,382</u>	<u>4,665,908</u>
Total Revenues	<u>10,364,873</u>	<u>9,316,668</u>
Expenses		
Environmental Health	1,014,158	2,024,372
Preventative Health	1,529,622	2,935,026
Community Health	617,597	896,391
Administration	1,733,005	2,576,638
Interest and Fiscal Charges	650	7,362
Total Disbursements	<u>4,895,032</u>	<u>8,439,789</u>
Change in Net Position	5,469,841	876,879
Net Position at Beginning of Year	<u>5,378,537</u>	<u>4,501,658</u>
Net Position at End of Year	<u><u>\$10,848,378</u></u>	<u><u>\$5,378,537</u></u>

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

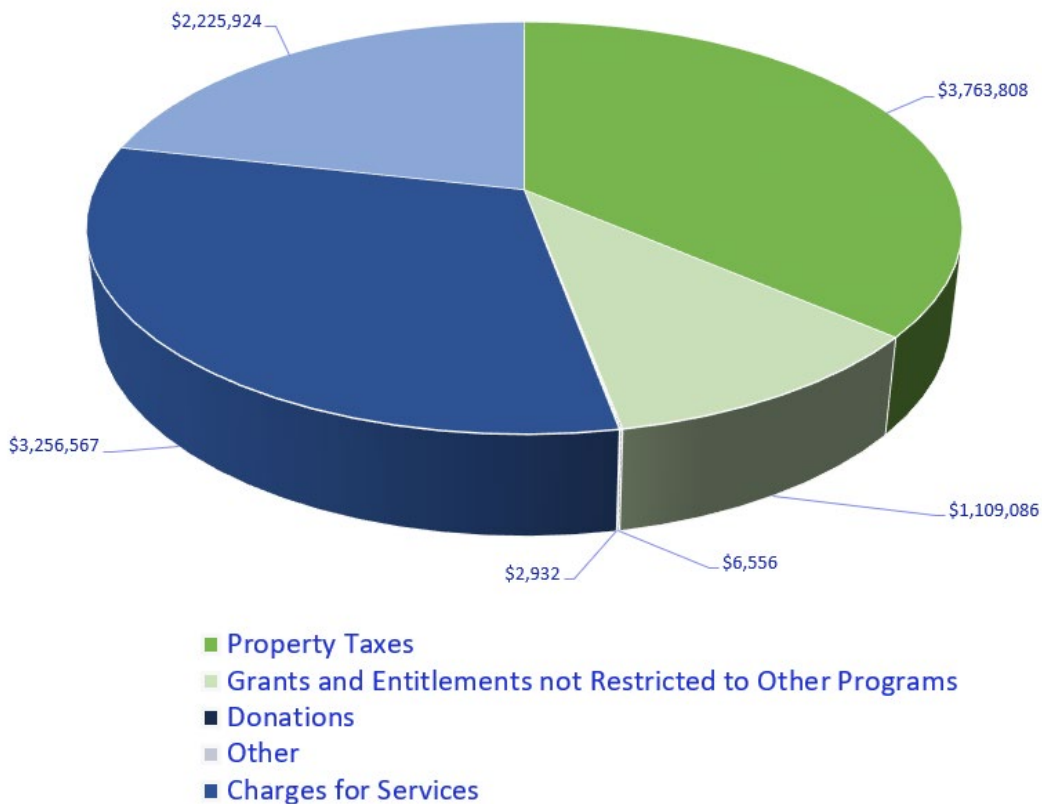
Management's Discussion and Analysis
For the Year Ended December 31, 2021

Governmental Activities

In 2021, 47.11 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 52.89 percent of the Health District's total receipts in year 2021. These receipts consist primarily of charges for services for birth and death certificates, food services licenses, plumbing permits, home sewage treatment installation permits, swimming pool permits, 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 2021. As the community grows the need for inspections, licenses and permits grows.

2021 Delaware Public Health District - Revenues



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

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

On the Statement of Activities for 2021, 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 2021, the major program expenses for governmental activities were: Environmental Health, Preventative Health, Community Health, Administration and Interest and Fiscal Charges, which accounted for 20.72, 31.25, 12.62, 35.40 and 0.01 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. A comparative analysis is presented below:

**Table 4
Governmental Activities**

	Total Cost of Service 2021	Net Cost of Service 2021	Total Cost of Service 2020	Net Cost of Service 2020
Environmental Health	\$1,014,158	(\$1,234,309)	\$2,024,372	\$31,675
Preventative Health	1,529,622	(948,071)	2,935,026	776,107
Community Health	617,597	395,248	896,391	678,549
Administration	1,733,005	1,199,023	2,576,638	2,295,336
Interest and Fiscal Charges	650	650	7,362	7,362
	<u>\$4,895,032</u>	<u>(\$587,459)</u>	<u>\$8,439,789</u>	<u>\$3,789,029</u>

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 decreased expenses by \$3,173,847. 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, 2021

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

	Total Cost of Services	Net Cost of Services
	2021	2021
Environmental Health	\$1,863,472	(\$384,907)
Preventative Health	2,905,497	427,716
Community Health	1,068,906	(846,557)
Administration	2,253,318	(1,719,336)
Interest and Fiscal Charges	650	(650)
Total Expenses	\$8,091,843	(\$2,523,734)

The Health District's Funds

Total governmental funds had revenues and other financing sources of \$10,092,954 and expenses and other financing uses of \$11,454,166.

In 2021, the general fund had receipts of \$7,774,797 and expenses \$6,027,110. The Health District transferred \$5,372 from the general fund to the Contract Tracing special revenue fund to reimburse the fund for grant expenditures above the total grant award. This resulted in a general fund balance of \$6,650,349.

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. The building was originally scheduled to be completed in 2021, however due to supplies and staffing shortages the completion date is scheduled for November 2022.

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 2021, 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 \$7,637,276, which is a 9.95 percent increase from the final budgeted receipts. The primary cause of this increase was reflected in charges for services for clinic revenues due to increased vaccinations performed related to worldwide pandemic. Property tax increased due to the growth in the community serviced by the Health District.

Overall, actual budgetary expenditures of \$6,136,222 were 21.24 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, 2021

Capital Assets

At the end of 2021, the Health District had \$6,768,177 (net of accumulated depreciation) invested in buildings, machinery, and equipment. Table 6 shows 2021 balances. A comparative analysis is presented below:

**Table 6
Capital Assets at December 31
(Net of Depreciation)**

	<u>2021</u>	<u>2020</u>
Land	\$1,020,073	\$1,020,073
Construction in Progress	4,023,156	705,176
Buildings	1,347,431	1,389,571
Machinery and Equipment	<u>377,517</u>	<u>385,754</u>
	<u>\$6,768,177</u>	<u>\$3,500,574</u>

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

Debt

During 2021, the Health District paid off the remaining balance of outstanding debt totaling \$64,658. 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 at Delaware Public Health Department, 1-3 West Winter Street, Delaware Ohio 43015.

Delaware Public Health District
Delaware County
Statement of Net Position
December 31, 2021

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$8,893,283
Accounts Receivable	175,817
Due from Other Governments	1,348,046
Prepaid Items	99,833
Materials and Supplies Inventory	103,038
Property Taxes Receivable	3,903,892
Nondepreciable Capital Assets	5,043,229
Depreciable Capital Assets, Net	1,724,948
Cash and Cash Equivalents with Escrow Agent	91,438
Net Pension Asset	44,382
Net OPEB Asset	492,767
Total Assets	21,920,673
<u>Deferred Outflows of Resources</u>	
Pension	802,816
OPEB	384,969
Total Deferred Outflows of Resources	1,187,785
Total Assets and Deferred Outflows of Resources	23,108,458
<u>Liabilities</u>	
Accrued Wages Payable	74,181
Accounts Payable	28,035
Matured Compensated Absences Payable	3,771
Contracts Payable	164,871
Due to Other Governments	61,978
Retainage Payable	100,866
Long-Term Liabilities	
Due Within One Year	211,196
Due in More Than One Year	445,624
Net Pension Liability	4,041,499
Total Liabilities	5,132,021
<u>Deferred Inflows of Resources</u>	
Property Taxes	3,863,163
Pension	1,759,291
OPEB	1,505,605
Total Deferred Inflows of Resources	7,128,059
Total Liabilities and Deferred Inflows of Resources	12,260,080
<u>Net Position</u>	
Net Investment in Capital Assets	6,768,177
Restricted for:	
Environmental Health	549,755
Preventative Health	210,780
Community Health	35,990
Administration	154,642
Other Purposes	201,211
Unrestricted	2,927,823
Total Net Position	\$10,848,378

See accompanying notes to the basic financial statements

Delaware Public Health District
Delaware County
Statement of Activities
For the Year Ended December 31, 2021

	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities
<u>Governmental Activities</u>				
Health				
Environmental Health	\$1,014,158	\$2,174,004	\$74,375	\$1,234,221
Preventative Health	1,529,622	688,331	1,789,450	948,159
Community Health	617,597	50,245	172,104	(395,248)
Administration	1,733,005	343,987	189,995	(1,199,023)
Interest and Fiscal Charges	650	0	0	(650)
Total Governmental Activities	4,895,032	3,256,567	2,225,924	587,459
General Revenues				
				3,763,808
				1,109,086
				6,556
				2,932
				4,882,382
				5,469,841
				5,378,537
				\$10,848,378

See accompanying notes to the basic financial statements

Delaware Public Health District
Delaware County
Balance Sheet
Governmental Funds
December 31, 2021

	General	Delaware Public Health District Building	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$6,058,565	\$2,044,992	\$789,726	\$8,893,283
Accounts Receivable	175,817	0	0	175,817
Due from Other Governments	871,122	0	476,924	1,348,046
Interfund Receivable	299,000	0	0	299,000
Prepaid Items	99,833	0	1,660	101,493
Materials and Supplies Inventory	101,378	0	0	101,378
Property Taxes Receivable	3,903,892	0	0	3,903,892
Restricted Assets				
Cash and Cash Equivalents with Escrow Agent	0	91,438	0	91,438
Total Assets	11,509,607	2,136,430	1,268,310	14,914,347
<u>Liabilities</u>				
Accrued Wages Payable	56,643	0	16,760	73,403
Accounts Payable	20,636	778	7,399	28,813
Matured Compensated Absences Payable	3,771	0	0	3,771
Contracts Payable	560	164,311	0	164,871
Due to Other Governments	58,225	0	3,753	61,978
Retainage Payable	0	100,866	0	100,866
Interfund Payable	0	0	299,000	299,000
Total Liabilities	139,835	265,955	326,912	732,702
<u>Deferred Inflows of Resources</u>				
Property Taxes	3,863,163	0	0	3,863,163
Unavailable Revenue	856,260	0	115,830	972,090
Total Deferred Inflows of Resources	4,719,423	0	115,830	4,835,253
<u>Fund Balances</u>				
Nonspendable	201,126	0	1,271	202,397
Restricted	0	0	834,066	834,066
Assigned	23,032	1,870,475	0	1,893,507
Unassigned	6,426,191	0	(9,769)	6,416,422
Total Fund Balances	6,650,349	1,870,475	825,568	9,346,392
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$11,509,607	\$2,136,430	\$1,268,310	\$14,914,347

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, 2021

Total Governmental Fund Balances \$9,346,392

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 6,768,177

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	36,219	
Due from Other Governments	895,142	
Delinquent Property Taxes Receivable	<u>40,729</u>	
		972,090

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

Compensated Absences Payable	<u>(656,820)</u>	
		(656,820)

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	802,816	
Deferred Outflows of Resources - OPEB	384,969	
Deferred inflows of resources -Pension	(1,759,291)	
Deferred inflows of resources - OPEB	(1,505,605)	
Net pension asset	44,382	
Net OPEB asset	492,767	
Net pension liability	<u>(4,041,499)</u>	
		<u>(5,581,461)</u>

Net Position of Governmental Activities		<u><u>\$10,848,378</u></u>
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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, 2021

	General	Delaware Public Health District Building	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>				
Property Taxes	\$3,784,763	\$0	\$0	\$3,784,763
Charges for Services	1,359,590	0	55,897	1,415,487
Licenses and Permits	1,343,528	0	497,425	1,840,953
Fines and Forfeitures	0	0	88	88
Intergovernmental	1,257,732	0	1,758,603	3,016,335
Donations	6,556	0	0	6,556
Other	22,628	0	0	22,628
Total Revenues	7,774,797	0	2,312,013	10,086,810
<u>Expenditures</u>				
Current				
Health				
Environmental Health	1,408,111	0	439,670	1,847,781
Preventative Health	1,356,545	0	1,590,815	2,947,360
Community Health	1,017,926	0	37,866	1,055,792
Administration	2,106,479	0	35,353	2,141,832
Capital Outlay	72,741	3,317,980	0	3,390,721
Debt Service				
Principal Retirement	64,658	0	0	64,658
Interest and Fiscal Charges	650	0	0	650
Total Expenditures	6,027,110	3,317,980	2,103,704	11,448,794
Excess of Revenues Over (Under) Expenditures	1,747,687	(3,317,980)	208,309	(1,361,984)
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	772	0	0	772
Transfers In	0	0	5,372	5,372
Transfers Out	(5,372)	0	0	(5,372)
Total Other Financing Sources (Uses)	(4,600)	0	5,372	772
Changes in Fund Balances	1,743,087	(3,317,980)	213,681	(1,361,212)
Fund Balances at Beginning of Year	4,907,262	5,188,455	611,887	10,707,604
Fund Balances at End of Year	\$6,650,349	\$1,870,475	\$825,568	\$9,346,392

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, 2021

Changes in Fund Balances - Total Governmental Funds (\$1,361,212)

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	3,317,980	
Capital Outlay - Depreciable Capital Assets	72,741	
Depreciation	<u>(122,346)</u>	3,268,375

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of capital assets is removed from the capital asset account on the statement of net position and is offset against the proceeds from the sale of capital assets on the statement of activities.

Sale of Capital Assets	(772)	(772)
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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	(20,955)	
Charges for Services	87	
Licenses and Permits	(48)	
Intergovernmental	318,675	
Other	<u>(19,696)</u>	278,063

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>64,658</u>	64,658
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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		46,882
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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. 559,361

Except for amounts reported as deferred inflows/outflows, changes in the net pension/liability are reported as pension expenses in the statement of activities. (263,219)

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB are reported as expense in the statement of activities. 2,877,705

Change in Net Position of Governmental Activities \$5,469,841

See accompanying notes to the basic financial statements

Delaware General 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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property Taxes	\$3,653,863	\$3,653,863	\$3,784,763	\$130,900
Charges for Services	596,080	596,080	1,212,164	616,084
Fines, Licenses and Permits	1,324,530	1,324,530	1,349,101	24,571
Intergovernmental:				
Apportionments	250,000	250,000	250,000	0
Grants	342,047	342,047	406,812	64,765
Other	509,355	509,355	540,686	31,331
Rent	52,000	52,000	51,413	(587)
Donations	2,600	2,600	6,047	3,447
Miscellaneous	215,923	215,923	36,290	(179,633)
Total Receipts	<u>6,946,398</u>	<u>6,946,398</u>	<u>7,637,276</u>	<u>690,878</u>
Disbursements				
Current:				
Health:				
Personal Services	3,678,890	3,618,090	3,032,916	585,174
Fringe Benefits	1,999,964	1,950,946	1,477,367	473,579
Services and Charges	1,462,773	1,433,213	1,196,802	236,411
Materials and Supplies	570,102	568,164	291,186	276,978
Capital Outlay	155,656	155,656	72,741	82,915
Debt Service:				
Principal Retirement	61,575	64,560	64,560	0
Interest and Fiscal Charges	338	650	650	0
Total Disbursements	<u>7,929,298</u>	<u>7,791,279</u>	<u>6,136,222</u>	<u>1,655,057</u>
Excess of Receipts Over (Under) Disbursements	<u>(982,900)</u>	<u>(844,881)</u>	<u>1,501,054</u>	<u>2,345,935</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	0	772	772
Transfers Out	(608,091)	(608,091)	(5,372)	602,719
Advances In	0	0	785,976	785,976
Advances Out	0	0	(849,802)	(849,802)
Total Other Financing Sources (Uses)	<u>(608,091)</u>	<u>(608,091)</u>	<u>(68,426)</u>	<u>539,665</u>
Net Change in Fund Balance	(1,590,991)	(1,452,972)	1,432,628	2,885,600
Unencumbered Fund Balance Beginning of Year	4,567,840	4,567,840	4,567,840	0
Prior Year Encumbrances Appropriated	35,066	35,066	35,066	0
Fund Balance at End of Year	<u>\$3,011,915</u>	<u>\$3,149,934</u>	<u>\$6,035,534</u>	<u>\$2,885,600</u>

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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. A nine-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 as 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, 2021
(Continued)

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Health District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP as applied to governmental units). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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, 2021
(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, 2021
(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 asset/liability and net OPEB asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the 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 Note 11 and 12 for deferred inflows of resources related to the Health District's net pension asset/liability and net OPEB asset, 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, 2021
(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 amounts reported as the final budgeted amount 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, 2021
(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, 2021
(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 asset 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, 2021
(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 2021.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Q. Pensions/Other Postemployment Benefits (OPEB)

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

Note 3 – Accountability

At December 31, 2021, the following fund had a deficit fund balance:

Fund Type/Fund	Deficit
Nonmajor Fund	
Preventative Health Programs	
Enhanced Operations	\$9,769

The deficit fund balance in the special revenue fund resulted from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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, 2021 Annual Comprehensive Financial Report. The fund balances are expressed in cash equivalents. Cash equivalents are available for immediate expenditure or liquid investments which are immediately marketable, have negligible credit risk, and mature within three months. The carrying amount of cash on deposit with the Delaware County Treasurer at December 31, 2021 was \$8,893,283.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 5– Receivables

Receivables at December 31, 2021 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, 2021. All receivables are expected to be collected in the subsequent year. Amounts due from other governments consisted of the following at year end:

<u>Governmental Activities</u>	
Major Funds	
General Fund	
State Subsidies	\$282,482
Apportionments	250,000
Homestead and Rollback	230,019
Administration Billing (MAC)	33,616
Smoke Free	125
Grants	<u>74,880</u>
Total General Fund	<u><u>\$871,122</u></u>
 Non-Major Funds	
State Subsidies	\$74,000
Grants	<u>402,924</u>
Total Nonmajor Funds	<u><u>\$476,924</u></u>
 Total Governmental Activities	<u><u>\$1,348,046</u></u>

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 6 - Capital Assets

Capital asset activity for the governmental activities for the year ended December 31, 2021, was as follows:

	Balance January 1, 2021	Additions	Reductions	Balance December 31, 2021
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,020,073	\$0	\$0	\$1,020,073
Construction in Progress	705,176	3,317,980	0	4,023,156
Total NonDepreciable Capital Assets	1,725,249	3,317,980	0	5,043,229
Governmental Activities				
Depreciable Capital Assets				
Buildings	1,898,690	0	0	1,898,690
Machinery and Equipment	853,275	72,741	(40,216)	885,800
Total Depreciable Capital Assets	2,751,965	72,741	(40,216)	2,784,490
Less Accumulated Depreciation for :				
Buildings	(509,119)	(42,140)	0	(551,259)
Machinery and Equipment	(467,521)	(80,206)	39,444	(508,283)
Total Accumulated Depreciation	(976,640)	(122,346)	39,444	(1,059,542)
Total Depreciable Capital Assets, Net	1,775,325	(49,605)	(772)	1,724,948
Governmental Activities Capital Assets, Net	\$3,500,574	\$3,268,375	(\$772)	\$6,768,177

Depreciation expense was charged to governmental functions as follows:

<u>General Government</u>	
Environmental Health	31,076
Preventative Health	3,512
Administration	87,758
Total Depreciation Expense Governmental Activities	\$122,346

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 7 - Long-Term Obligations

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

	Balance			Balance	
	January 1,			December 31,	Due Within
	2021	Additions	Reductions	2021	One Year
<u>Governmental Activities</u>					
Mortgage Note Payable	\$64,658	\$0	(\$64,658)	\$0	\$0
Net Pension Liability	5,050,131	0	(1,008,632)	4,041,499	0
Net OPEB Liability	3,591,966	0	(3,591,966)	0	0
Compensated Absences Payable	703,702	200,150	(247,032)	656,820	211,196
Total Long-Term Debt Obligations	<u>\$9,410,457</u>	<u>\$200,150</u>	<u>(\$4,912,288)</u>	<u>\$4,698,319</u>	<u>\$211,196</u>

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

During 2021, the Health District paid off the remaining debt balance of \$64,658 on Mortgage Note Payable. There is no other outstanding debt.

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 \$28,939 to pay lease cost for the year ended December 31, 2021. The Health District has signed a five-year agreement to occupy this location and had the option to cancel the lease agreement in June 2021. Future lease payments are as follows:

Year	Amount
2022	28,896
2023	29,221
Total	<u>\$58,117</u>

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(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, 2021:

	<u>2021</u>
Assets	<u>\$59,340,305</u>
Liabilities	<u>(17,071,953)</u>
Net Position	<u><u>\$42,268,352</u></u>

At December 31, 2021, the liabilities above include approximately \$15 million of estimated incurred claims payable. The assets above also include approximately \$13.9 million of unpaid claims to be billed. The Pool's membership increased from 571 members in 2020 to 589 members in 2021. 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, 2021
(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		
2021	2020	2019
\$44,519	\$39,260	\$36,286

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:

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 10 - Other Commitments (Continued)

	Year-End Encumbrances
General Fund	\$23,032
Food Services	864
Women Infant Children	16
Delaware Public Health District Building	79,203
Enhanced Operations	1,500
Total Year-End Encumbrances	\$104,615

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 and 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, 2021
(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	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for 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, 2021
(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:

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

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(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 \$559,361 for the year 2021. Of this amount, \$11,639 is reported as due to other governments.

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan, respectively, were measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The 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	\$4,041,499	Traditional Plan
Proportionate share of the net pension asset	\$44,382	Combined Plan
Proportion of the net pension liability	0.02729300%	Traditional Plan
Proportion of the net pension asset	0.01537500%	Combined Plan
Pension expense	\$228,878	Traditional Plan
Pension expense	\$21,972	Combined Plan

At December 31, 2021 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	\$0	\$2,772	\$2,772
Health District contributions subsequent to the measurement date	551,617	7,744	559,361
Change in proportionate share	240,684	0	240,684
Total deferred outflows of resources	<u>\$792,301</u>	<u>\$10,516</u>	<u>\$802,817</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$169,059	\$8,373	\$177,432
Difference between projected and actual Investment Earnings	1,575,259	6,600	1,581,859
Total deferred inflows of resources	<u>\$1,744,318</u>	<u>\$14,973</u>	<u>\$1,759,291</u>

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 11– Defined Benefit Pension Plans (Continued)

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

The Health District reported \$559,361 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS- Traditional	OPERS- Combined	Total
Year Ending December31:			
2022	(\$501,396)	(\$3,178)	(\$504,574)
2023	(145,267)	(2,018)	(147,285)
2024	(642,129)	(3,540)	(645,669)
2025	(214,842)	(1,647)	(216,489)
2026	0	(706)	(706)
Thereafter	0	(1,112)	(1,112)
Total	(\$1,503,634)	(\$12,201)	(\$1,515,835)

Actuarial Assumptions – OPERS

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

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

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

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

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

Note 11– Defined Benefit Pension Plans (Continued)

Actuarial Assumptions – OPERS (Continued)

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.

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 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%	1.32%
Domestic equities	21.00%	5.64%
Real estate	10.00%	5.39%
Private equity	12.00%	10.42%
International equities	23.00%	7.36%
Other investments	9.00%	4.75%
Total	100.00%	

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.2 percent for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Delaware Public Health District
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(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	Current Discount Rate	1% Increase
	6.20%	7.20%	8.20%
Health District’s proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$7,709,181	\$4,041,499	\$991,827
Combined Plan	(\$30,904)	(\$44,382)	(\$54,428)

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

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

Net OPEB Asset

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

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

Ohio Revised Code limits the Health District’s obligation 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 asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

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

Net OPEB Asset (Continued)

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(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 2021 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 2021.

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

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

The net OPEB liability and total OPEB asset for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The Health District's proportion of the net OPEB asset 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)

Proportion of the Net OPEB Asset	<u>OPERS</u> <u>0.027659%</u>
Proportionate Share of the Net OPEB Asset	\$492,767
OPEB Expense	(\$2,877,705)

Delaware Public Health District
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

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

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

At December 31, 2021, 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	\$0
Net difference between projected and actual earnings on OPEB plan investments	0
Changes of assumptions	242,250
Change in proportionate share	142,719
Total Deferred Outflows of Resources	\$384,969
Deferred Inflows of Resources	
Net differences between expected and actual experience	\$444,720
Net difference between projected and actual earnings on OPEB plan investments	262,455
Changes of assumptions	798,430
Total Deferred Inflows of Resources	\$1,505,605

\$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:	
2022	(\$567,938)
2023	(407,721)
2024	(114,052)
2025	(30,925)
2026	0
Thereafter	0
Total	(\$1,120,636)

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(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, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current measurement date	2.00 percent
Prior Measurement date	2.75 percent
Health Care Cost Trend Rate	
Current measurement date	8.50 percent, initial 3.50 percent, ultimate in 2035
Prior Measurement date	10.50 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

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

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(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 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 10.50 percent for 2020.

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

Domestic Equities	25.00 %	5.64 %
Real Estate Investment Trust	7.00 %	6.48 %
International Equities	25.00 %	7.36 %
Other investments	9.00 %	4.02 %
Total	100.00 %	

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

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

Actuarial Assumptions – OPERS (Continued)

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, 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 Asset 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 6.00 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 (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Health District's proportionate share of the net OPEB asset	\$122,529	\$492,767	\$797,132

Sensitivity of the Health District’s Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuary’s project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.5 percent in the most recent valuation.

Delaware Public Health District
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(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)

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Health District's proportionate share of the net OPEB asset	\$504,777	\$492,767	\$479,330

Changes Between the Measurement Date and the Reporting Date

On January 15, 2021, 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, 2021.

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 service or more can be paid 50% of their sick leave balance up to 480 hours. Any sick leave hours an employee brings from another government is 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, 2021
(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, 2021:

	Contract Amount	Amount Paid as of 12/31/21	Outstanding Balance
Knoch Construction Corporation	\$7,241,429	\$3,157,173	\$4,084,256
Moody Nolan	511,590	438,223	\$73,367
The Hospital Council of Northwest Ohio	98,790	74,093	\$24,697
CTL Engineering	50,940	44,777	\$6,163
	<u>\$7,902,749</u>	<u>\$3,714,266</u>	<u>\$4,188,483</u>

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	\$99,748	\$0	\$1,271
Materials and Supplies Inventory	101,378	0	0
Total Nonspendable	<u>201,126</u>	<u>0</u>	<u>1,271</u>
Restricted for:			
WIC	0	0	210,780
Food Service	0	0	297,044
Campgrounds	0	0	8,107
Water System	0	0	21,036
Solid Waste	0	0	30,685
Swimming Pool	0	0	117,612
Safe Route 23 Corridor	0	0	29,513
Workforce Development	0	0	119,289
Total Restricted	<u>0</u>	<u>0</u>	<u>834,066</u>
Assigned for:			
Construction	0	1,870,475	0
Unpaid Obligations	23,032	0	0
Total Assigned	<u>23,032</u>	<u>1,870,475</u>	<u>0</u>
Unassigned	6,426,191	0	(9,769)
Total Fund Balance	<u>\$6,650,349</u>	<u>\$1,870,475</u>	<u>\$825,568</u>

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(Continued)

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

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	\$1,432,628
Net Adjustment for Revenue Accruals	160,389	
Net Adjustment for Expenditure Accruals	63,211	
Net Adjustment of Other Sources/Uses	63,827	
Adjustment for Encumbrances	23,032	
GAAP Basis	\$1,743,087	

Note 16 – Transfers

During 2021, the following transfers were made:

<u>Transfers to Contact Tracing Fund from:</u>	
General Fund	\$5,372

The transfer to the Contract Tracing Fund above represents the allocation of unrestricted receipts collected in the general fund used to reimburse the fund for grant expenditures above the total grant award.

Delaware Public Health District
Delaware County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021
(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 2021 for real and public utility property taxes represents collections of 2020 taxes.

2021 real property taxes are levied after October 1, 2021, on the assessed value as of January 1, 2021, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2022.

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. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2021 with real property taxes.

The full tax rate for all Health District operations for the year ended December 31, 2021, was \$.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

	<u>Tax Year 2020</u>
Real Property	\$8,859,258,820
Tangible Public Utility Property	455,231,930
Total Assessed Valuation	<u>\$9,314,490,750</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 \$16,443. 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 COVID19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the Health District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may 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.

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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
Last Two Years

	<u>2021</u>	<u>2020</u>
<u>Traditional Plan:</u>		
Health District's Proportion of the Net Pension Liability	0.0272930%	0.0255000%
Health District's Proportionate Share of the Net Pension Liability	\$4,041,499	\$5,040,248
Covered Payroll	\$3,844,076	\$3,594,873
Health District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%
	<u>2021</u>	<u>2020</u>
<u>Combined Plan:</u>		
Health District's Proportion of the Net Pension Asset	0.0153750%	0.0281070%
Health District's Proportionate Share of the Net Pension Asset	\$44,382	\$58,610
Covered Payroll	\$67,759	\$125,119
Health District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	65.50%	46.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	157.67%	145.28%

Note 1: 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.

Note 2: There were no changes of benefit terms from the amounts reported for 2020-2021.

Note 3: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2020-2021.

For 2019 the following were the most significant changes of the assumptions that affected the total pension liability since the prior measurement date:

(a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%. There were no changes in assumptions for 2021.

Delaware Public Health District
Delaware County, Ohio
Schedule of Health District Pension Contributions
Ohio Public Employees Pension Retirement System
Last Three Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$559,361	\$547,657	\$520,799
Contributions in Relation to the Contractually Required Contribution	<u>(559,361)</u>	<u>(547,657)</u>	<u>(520,799)</u>
Contribution Deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Contractually Required Contribution/Contributions as a Percentage of Covered Payroll	\$3,995,436	\$3,911,835	\$3,719,992
Contributions as a Percentage of Covered- Payroll	14.00%	14.00%	14.00%

Delaware Public Health District
Delaware County, Ohio
Schedule of the Health District's Proportionate Share of the Net OPEB Liability/Asset
Ohio Public Employees Retirement System - OPEB Plan
Last Two Years

	<u>2021</u>	<u>2020</u>
<u>Traditional Plan:</u>		
Health District's Proportion of the Net OPEB Liability	0.0276590%	0.0260050%
Health District's Proportionate Share of the Net OPEB Liability (Asset)	(\$492,767)	\$3,591,966
Health District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	\$3,911,835	\$3,719,992
Health District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-12.60%	96.56%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%

Note 1: 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.

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

Note 3:

For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date:

- (a) the discount rate was decreased from 3.96% up to 3.16%,
- (b) the municipal bond rate was decreased from 3.71% up to 2.75% and
- (c) the health care cost trend rate was increased from 10.0% initial/3.25% , ultimate in 2019 up to 10.50-%, initial/3.5% ultimate in 2030.

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in an effort to decrease costs and increase the solvency of the health care plan. These changes were effective January 1, 2022, and include changes to base allowance and eligibility for Medicare retirees as well as replacing OPERS sponsored medical plans for non-Medicare retirees with monthly allowances similar to the program for Medicare retirees. These changes are reflected in 2021.

Delaware Public Health District
Delaware County, Ohio
Schedule of Health District's Contributions - OPEB
Ohio Public Employees Retirement System
Last Three Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (excess)	<u>0</u>	<u>0</u>	<u>0</u>
Contractually Required Contribution/Contributions as a Percentage of Covered-Employee Payroll	\$3,995,436	\$3,911,835	\$3,719,992
OPEB Contributions as a Percentage of Covered- Employee Payroll	0.00%	0.00%	0.00%

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

Delaware Public Health District
Delaware County
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Pension - Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2021

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measure date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefits investments, decreasing the rate 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 assumptions that affected the total pension liability since the prior measure date: (a) the assumed rate of return and discount rate were reduced from 7.50% to 7.20%. There were no changes in assumptions for 2020 and 2021.

Other Postemployment Benefits (OPEB) - Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020. For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and 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 non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measure date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%. For 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measure date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.850%, initial 3.25%, ultimate in 2028 up to 10.00% initial 3.25%, ultimate in 2029. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% down to 3.16%, (b) the municipal bond rate was decreased from 3.71% down to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030. For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% down to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

SUPPLEMENTARY INFORMATION

**DELAWARE PUBLIC HEALTH DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through the Ohio Department of Health</i>			
Public Health Emergency Preparedness	93.069	02110012PH1221	134,603
Public Health Emergency Preparedness	93.069	02110012PH1322	64,739
Total Public Health Emergency Preparedness			<u>199,342</u>
Immunization Cooperative Agreements	93.268	02110012GV0321	1,555
Immunization Cooperative Agreements	93.268	02110012GV0422	5,831
COVID-19 - Immunization Cooperative Agreements	93.268	COVID-19, 02110012VE0121	135,262
Total Immunization Cooperative Agreements			<u>142,648</u>
COVID-19-Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19, 02110012CT0121	98,993
COVID-19-Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	COVID-19, 02110012EO0121	531,947
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)			<u>630,940</u>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	02110012WF0122	35,353
Total U.S. Department of Health and Human Services			<u>1,008,283</u>
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through the Ohio Department of Health</i>			
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19, 02110012CO0121	419,610
<i>Passed Through the Troy Township</i>			
COVID-19 - Coronavirus Relief Fund	21.019	N/A	50,000
Total Coronavirus Relief Fund and U.S. Department of the Treasury			<u>469,610</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through the Ohio Department of Public Safety</i>			
Highway Safety Cluster			
State and Community Highway Safety	20.600	69A37520300004020OH0	19,803
State and Community Highway Safety	20.600	69A37521300004020OH0	8,689
Total Highway Safety Cluster			<u>28,492</u>
Total U.S. Department of Transportation			<u>28,492</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Health</i>			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02110011WA1421	400,216
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	02110011WA1522	124,776
Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children and U.S. Department of Agriculture			<u>524,992</u>
Total Federal Financial Assistance			<u>\$ 2,031,377</u>

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, 2021**

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, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, or changes in net position 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 AL#:	10.557
Project Number:	02110011WA1421
2021 Receipt Amount:	\$527,848
Federal Entity:	Department of Treasury
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Coronavirus Relief Fund
Federal AL#:	21.019
Project Number:	02110012CO0121
2021 Receipt Amount:	\$419,610

Federal Entity:	Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Public Health Emergency Preparedness
Federal AL#:	93.069
Project Number:	02110012PH1221
2021 Receipt Amount:	\$134,603
Federal Entity:	Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Public Health Emergency Preparedness
Federal AL#:	93.069
Project Number:	02110012PH1322
2021 Receipt Amount:	\$40,342
Federal Entity:	Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Immunization Cooperative Agreement
Federal AL#:	93.268
Project Number:	02110012GV0321
2021 Receipt Amount:	\$1,555
Federal Entity:	Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Immunization Cooperative Agreement
Federal AL#:	93.268
Project Number:	02110012GV0422
2021 Receipt Amount:	\$5,348
Federal Entity:	Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Immunization Cooperative Agreement
Federal AL#:	93.268
Project Number:	02110012VE0121
2021 Receipt Amount:	\$135,262
Federal Entity:	Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Epidemiology and Laboratory Capacity of Infectious Diseases
Federal AL#:	93.323
Project Number:	02110012EO0121
2021 Receipt Amount:	\$454,626
Federal Entity:	Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Epidemiology and Laboratory Capacity of Infectious Diseases
Federal AL#:	93.323
Project Number:	02110012CT0120
2021 Receipt Amount:	\$130,483
Federal Entity:	Department of Health and Human Services
Pass-Through Entity:	Ohio Department of Health
Federal Grant:	Epidemiology and Laboratory Capacity of Infectious Diseases
Federal AL#:	93.323
Project Number:	02110012CT0121
2021 Receipt Amount:	\$104,691

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Delaware Public Health District, Delaware County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Delaware Public Health District's basic financial statements, and have issued our report thereon dated September 27, 2022, wherein we noted as described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Delaware Public Health District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware Public Health District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Delaware Public Health District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Delaware Public Health District's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Delaware Public Health District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Delaware Public Health District

Delaware County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Delaware Public Health District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Delaware Public Health District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.

September 27, 2022

**Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance
Required by the Uniform Guidance**

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

To the Board of Health:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Delaware Public Health District’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Delaware Public Health District’s major federal programs for the year ended December 31, 2021. The Delaware Public Health District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Delaware Public Health District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Delaware Public Health District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Delaware Public Health District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
September 27, 2022

**DELAWARE PUBLIC HEALTH DISTRICT
DELAWARE COUNTY, OHIO**

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

1. SUMMARY OF AUDITORS' RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinions</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	COVID 19 – Coronavirus Relief Fund (ALN 21.019), Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (ALN 93.323)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.